

A STUDY OF EMPLOYEE SATISFACTION
AND ITS EFFECTS TOWARD
LOYALTY IN HOTEL INDUSTRY

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DECLARATION

We hereby declare that:

- (1) This undergraduate research project is the end result of our own work and that due acknowledgement has been given in the references to ALL sources of information be they printed, electronic, or personal.
- (2) No portion of this research project has been submitted in support of any application for any other degree or qualification of this or any other university, or other institutes of learning.
- (3) Equal contribution has been made by each group member in completing the research project.
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LIST OF ABBREVIATIONS

H0	Null Hypothesis
H1	Alternative Hypothesis
SPSS	Statistical Package for Social Science
HR	Human Resource
CATI	Computer-Assisted Telephone Interviewing
CAPI	Computer-Assisted Personal Interviewing

PREFACE

This study is basically under the subject of UBMZ 3016 Research Project which is usually taken by the final year students of Bachelor of Business Administration (HONs) in Universiti Tunku Abdul Rahman (UTAR). It is a compulsory subject for every student before they are graduating from university. This research project is carried out around half of a year to complete it. Students need to learn the skills and ways to conduct the research and questionnaires during conducting the research

In this project, we chose “A Study of Employee Satisfaction and Its Effects toward Loyalty in Hotel Industry” as this research topic. The main objective for this research is to determine and studying the factors that motivate the employee loyalty in Malaysia hotel industry. Thus, this research is conducted to obtain in-depth understanding about the determinants which can affect the employee loyalty in order to reduce the employee turnover rate in hotel industry Malaysia.

Employee loyalty is very important role in an organization to improve the efficiency and effectiveness of organization operations. There have four variables which affect the employee loyalty in this research and we believed that this study will enhance our learning, skills of research and additional knowledge. We were refereed to many journals and articles to find out the relationship between those four variables and employee loyalty. Other than that, UTAR also given us a guideline for conducting the research and we make it as an overview of process to investigate in the research.

ABSTRACT

Nowadays, the number of hotels in Malaysia increasing year by year in Malaysia due to the effects of tourism in Malaysia. However, the employees' turnover rate in hotel industry is declining year by year also. Thus, there is a issue that affects the employees' turnover rate in the hotel industry which is the employee loyalty. Employee loyalty is an important issue for all organizations. There is not an easily way to maintain the employee loyalty in an organization to retain the employees. There have several variables that are influence the employee loyalty in the hotel industry such as career development, compensation and rewards, job security and workplace environment.

Therefore, this research is conducted to study about the relationships between these four variables and the employee loyalty which can reduce the employee turnover rate in the hotel industry. Based on the past study, there is a significant relationship between these four variables and the employee loyalty. In the research, there has some evidence which can prove that employee loyalty is reliable to these four variables. So, organization needs to focus more on career development, compensation and rewards, job security and workplace environment to improve their employees' loyalty towards the hotel industry.

In this research, researchers have conducted this study by using the questionnaires. Researchers distributed the questionnaires to the employees who worked in the hotel industry. This can helps the researchers identify the variable more accurately. Besides, this study also describes the important role of employees for the company productivity and operation.

Furthermore, there also has several recommendations are proposed in the last part of this research for cultivating the employee loyalty towards the hotel industry which can helps organization maximize the profits and improve the operation. In

short, this research shows that the importance, information and awareness of employee loyalty in the hotel industry in Malaysia.

CHAPTER 1: INTRODUCTION

1.0 Introduction

Chapter 1 is an overview of the whole research of study context and explain the research problems. In the research, the problem statement is describing the core idea of the study prompting to make a clear explanation on the research objectives to be achieved and the research question to be answered. Besides, researchers also clarified the hypotheses to be tested and elucidate the importance and contribution of conducting this study. In the end of this chapter, conclusion is provided.

1.1 Research Background

The hotel industry is encountering a highly competitive environment worldwide. The formulations of a marketing strategy, strengthening of hotel operations, and upgrading the quality of service have become essential not only for profitability, but also for a hotel's survival (Hwang & Chang, 2003). According to the Taiwan Tourism Bureau, the hotel classification system consists of two groups which are the international tourist hotels and ordinary tourist hotels. The international hotels are four-star or five-star equivalent hotels, while ordinary tourist hotels are three-star equivalent hotels. In 2002, there were 62 international tourist hotels which could be classified as independent operations and chain operations (including international and domestic) in terms of ownership and management in Taiwan. Chain operations included the types of franchise chain, management contract, and membership. The independent operation hotel means that an investor owns (or leases) and runs the hotel. According to Abdullah et al. (2009) establishes that the hotel industry has been recognized as a potential prospect in the growth of the service industry in Malaysia. However, the growth of hotel industry is impeded by the high turnover rates of employees who worked in the hotel industry.

Hotels that provide higher salaries, strong reputation, and benefit-in-kind can easily retain their employees because the employee satisfaction is achieved. Employee satisfaction is the employees who enjoying their positions and feels rewarded for their efforts will ultimately be the most successful, as well as the most beneficial to their companies. Employee satisfaction is also used to describe the employees' happiness, contented, fulfilling their desires and needs at work. Employee satisfaction is a factor in employee motivation, employee goal achievement, and employee morale in the workplace. A mediocre employee would like to stay in the organization if the employee satisfied with the workplace environment. Moreover, the longer an employee works for a company, the more valuable they are becoming, especially in the service industry. Heskett et al. (1997) as cited in Abdullah (2011) stated that, staff training programs can helps to create the employees satisfaction and loyalty. Besides, according to Sturgeon (2006) also agrees that training is one of the main drivers of employees' satisfaction. From here, researchers also know that an industry which offers training programme to their employees may increase their employee satisfaction.

The employee satisfaction will directly affects the employee loyalty in hotel industry. Employee loyalty can be described in terms of a process, where certain attitudes give rise to certain behaviors. Loyalty has two dimensions which is internal and external. Loyalty is a fundamentally of an emotional attachment. The internal dimension is the emotional components. It includes the feelings of caring, of affiliation and of commitment. Employer must understand their employees feeling and the employees who are facing any problem can consult with counselors that provide by the employer. This can increase the employees' loyalty to the employer by reducing the turnover rate. Next, external dimension has to do with the way loyalty to manifests itself. This dimension is comprised of the behaviors that display the emotional component and is the part of loyalty that changes the most. According to Rider (1998) as cited in Mehta et al. (2010) found that trust, loyalty and related norms may have a crucial economic role to play and it does not follow that regulation should be used to foster their development. In addition, according to Cunha et al. (2002) state that the relationships of the interplay between culture, structure and leadership which are managed to build employee

loyalty. These processes are effective because the employees reinforce with one another.

Finally, according to Heskett et al (1997) as cited in Abdullah (2011) stated that the model chain of relationships between profits and growth are linked to the customer loyalty while customer loyalty is linked to customer satisfaction, in turn, customer satisfaction is linked to service value while service value is linked to employee productivity, whereas employee productivity is linked to employee loyalty, employee loyalty is in turn linked to employee satisfaction, and employee satisfaction is linked to internal quality of work life.

1.2 Problem Statement

In Malaysia, the hotel industry has been recognized as a potential prospect in the growth of the service industry. Malaysian government's determination is to tap the potential of the tourism industry. For 2007, the number of foreign tourists who visited Malaysia exceeded the 20 million target set by the government. In terms of revenue, this industry earned RM46.1 billion which surpassed the targeted revenue of RM44.5 billion¹. As part of the tourism industry, the hotel sector is entrusted with a significant role to continuously assist the Malaysian government in realizing the economic potential of the industry (Kasim & Minai, 2009).

The labor force in hotel and restaurant industry is about 800,500 ("Guna Tenaga Employment, 2009). In addition, based on the statistics by Malaysian Association of Hotels (2011) from 2007 to 2010 the number of tourist arrival has increased from 20.9 million to 23.6 million and this was followed by the increment in the number of hotels and motels from 1567 to 2005. However, the growth is impeded by the high turnover rates of employees in the hotel industry. Many organizations in the hotel industry face difficulties in retaining employees since the organization unable to identify the factors which contribute to employee satisfaction and the resultant loyalty.

Retention experts said that hotels spend thousands dollar to train for each new employee to replace a seasoned worker who leaves every year. It is no longer a startling fact that the cost of losing an employee is between half and one-and-a-half times their annual salary (CHA International, 2009). So, recruiting new staff is a time consuming and expensive exercise that directly affects the organization's bottom line.

The hotel industry has higher turnover rate issue from the loyalty of employees towards the company. This may linked with the employees' job satisfaction that the company given. Therefore, organizations should be concerned about their employees' level of job satisfaction because employees' satisfaction increases employee retention. Robert Habeeb who is president of First Hospitality Group in 2001 says that, "If you treat your employees more like hotel guests, you will reduce turnover. Then employees will treat hotel guests better, which spreads good buzz, encourages repeat visits and voila, makes the business more profitable" (Mcconnell & Huba, 2001).

1.3 Research Objective

The main objective of this research is to fill up the above mentioned gap in the problem statement. According to the research problem, the following objectives are identified in addition to the main objective to achieve through this research. In order to get more information to achieve the objective of this research, researchers have conduct literature review to understand the concept of each variable in this research.

1.3.1 General Objective

Based on the previous research done by others researchers, they have identified few factors of employee satisfaction which affected the employee loyalty. Employee satisfaction is an independent variable;

however employee loyalty is a dependent variable in this research. In this research, researchers have extracted few factors of employee satisfaction which affects employee loyalty from previous research as independent variables in this research. Researchers aim to ensure that the relationship of the factors in the employee satisfaction and employee loyalty in Hotel Industry. Therefore, the specific objectives of this research are to find out the relationship of those factors of employee satisfaction and employee loyalty in hotel industry. The factors of employee satisfaction extracted from previous research are career development, compensation and benefits, job security and workplace environment.

1.3.2 Specific Objective

The specified objectives are as below:

- i. To find out the relationship between career development and employee loyalty.
- ii. To find out the relationship between compensation and rewards, and employee loyalty.
- iii. To find out the relationship between job security and employee loyalty.
- iv. To find out the relationship between working environment and employee loyalty.
- v. To find out the relationship between independent variables and dependent variable.

1.4 Research Questions

Based on the problems have been identified in problem statement lead to create the objectives of this research. In order to conduct this research, researchers have developed few questions such as:

1. What are the relationships between compensation and benefits and employee loyalty in Hotel Industry?
2. What are the relationships between career development and employee loyalty Hotel Industry?
3. What are the relationships between job security and employee loyalty Hotel Industry?
4. What are the relationships between working environment and employee loyalty Hotel Industry?
5. What are the relationship between independent variables and dependent variable?

1.5 Hypotheses of the Study

After determine the independent and dependent variables of this research and developed few research questions, this leads to build up few hypotheses of the study such as:

Hypothesis 1

H0: There is no significant relationship between career development and employee loyalty in Hotel Industry.

H1: There is significant relationship between career development and employee loyalty in Hotel Industry.

Hypothesis 2

H0: There is no significant relationship between compensation and rewards and employee loyalty in Hotel Industry.

H1: There is significant relationship between compensation and rewards and employee loyalty in Hotel Industry.

Hypothesis 3

H0: There is no significant relationship between job security and employee loyalty in Hotel Industry.

H1: There is significant relationship between job security and employee loyalty in Hotel Industry.

Hypothesis 4

H0: There is no significant relationship between workplace environment and employee loyalty in Hotel Industry.

H1: There is significant relationship between workplace environment and employee loyalty in Hotel Industry.

Hypothesis 5

H0: There is no significant relationship between independent variables (career development, compensation and rewards, job security, and workplace environment) and dependent variable.

H1: There is significant relationships between independent variables (career development, compensation and rewards, job security, and workplace environment) and dependent variable.

1.6 Significant of Study

This study can benefits several areas of the hotel industry. First of all, the study would be able to benefit the development of the hotels because cultivating the employee loyalty can improve the productivity of the company. Productivity results from how hard and how smart the employees work. Therefore, the satisfied

employees can give a better external service quality that received and evaluated by the customers which can increase the customer satisfaction.

Employee loyalty may arise from many different sources which are including levels of role ambiguity, autonomy, quality of supervision, quality of social relationships, and level of support in the workplace. Besides that, employees' attitudes and behaviours play a vital role in the quality of work. In this regard, employees are primarily responsible for providing a sustainable competitive advantage for the hotels.

Apart from that, higher employee loyalty can helps the hotel industry to retain the employees because employees have high satisfaction toward their jobs. According to the Weaver report states that an improvement of employee satisfaction can reduces an employee turnover rate of 45 percent which is almost half of the industry rate. Therefore, hotel industry should maintain higher employee loyalty in order to reduce absence and turnover rate of employees. Apart from that, retaining employees can play a critical role in an organization's financial health because replacing employees can cost 150 percent or more of an employee's annual salary (Bliss, 2001).

Moreover, this study will be helpful to the hotel industry understand the factors which can increase the employee loyalty and the management can focus on the area of improving the employee loyalty in order to achieve the company objectives and goals. The factors are researchers' independent variables such as career development, compensation and rewards, job security, and workplace environment. It will also serves as a future reference for other researchers on the subject of employee loyalty.

1.7 Chapter Layout

Chapter 1 is briefly discussed about the employee satisfaction which affects the employee loyalty in the field of hotel industry. It is included the research

background, problem statement, objectives of the research, hypothesis and the significance of study. It is an overview and outlines the importance of this research.

Chapter 2 is studied about the review of the research questions and some secondary sources of information. The dependent and independent variables also outlined and the secondary data will be used as reference. It provides the foundation for developing a theoretical framework to proceed with further research and hypotheses testing. Therefore, the hypothesis in Chapter 1 is used to determine which factors are best implement in the hotel industry among the employees.

In chapter 3 consists of the research methodology. The questionnaire method is the primary method and it describes how the research is carried out in terms of research design, data collection methods, sampling design and so on. There has the sampling design which includes the method, procedure and action of picking out a appropriate sample to determine the whole population's characteristics. Besides, the Statistical Package for Social Sciences (SPSS) system is used to do the reliability test for the research.

Chapter 4 is presents the results and findings which are relevant to the research questions and hypothesis from the questionnaire. The Statistical Package for Social Science (SPSS) is widely used to illustrate the charts and tables which include descriptive analyses and inferential analyses.

Chapter 5 is outlines the success of the study when compared to the objectives that were set. It also suggests the further work for the research area and summarizes the most important findings.

1.8 Conclusion

As a conclusion, the overview of this research was laid down in Chapter 1. The entire problem encountered, research objectives and questions, hypothesis for the research and significance of study are established in Chapter 1. In order to have a

better understanding, Chapter 2 will provide a review of literature relevant to this study.

CHAPTER 2: LITERATURE REVIEW

2.0 Introduction

After the researchers discussed chapter 1 about the introduction of the study and now proceed to chapter 2. This chapter is regarding the literature review of the variables from secondary sources. Besides that, this chapter enables the researchers to build the theoretical framework, analyze its content and develop the hypotheses. Apart from that, the researchers will develop the theoretical models from the literature review that link between employee loyalty and the independent variables that are career development, compensation and rewards, job security and workplace environment.

2.1 Review of the Literature

Nowadays, employee loyalty is very important for the organization to improve their organization quality and productivity. Given today of employee loyalty decreasing towards the organization, many organizations are trying to find some ways to increase the employee loyalty. According to Ginzberg, Ginsburg, Axelrad and Herma (n.d.), career development is influenced by the educational process, the emotional factor and individual values. Besides, Gerhart et al. (1994) also had established that employee compensation plays such a key role because it is at the heart of the employment relationship, being of critical importance to both employees and employers. According to Holm and Hovland 1999; Schmidt 1999 (as cited in Cheng, 2004), the changes in the organizational structure and the decline in job security has changed the psychological contract between employer and employee. Moreover, according on Al-Anzi (2009) study result shows over than 90% say the quality of their working environment affects their mood and attitude about their work. All the above studies are pointed out those different types of factors which will influence the employee loyalty in the organization.

2.1.1 Employee Loyalty

Based on Loyalty Research Center (2002), employee loyalty can be defined as employees believe that they have no regrets for working in their organization and they are considered it was a best choice for them. Employees can represent an important investment and vital resource for all organization because the salaries, bonuses and employees' benefits can enhance the employees work hard and loyalty to the organization. So, there is a considerable expense for replacing an employee whether he/she is holding a high position or low position in the organization since the employee loyalty is not easily build up in the organization.

According to Vince (2005), understanding the employees' needs can cultivate the employee loyalty towards the organization. As early as 1950s, the famed psychologist, Abraham Maslow presented his Hierarchy of Needs Model as a way to explain the human behaviour. Maslow believed that human act on their unmet needs according to their urgency at any given moment. For instance, most people have no difficult to satisfy their basic physiological, safety, security and social needs on a daily basis. Therefore, these known as "lower-level" needs. However, after these "lower-level" needs are met will one strives to satisfy one's "higher-level" needs which are self-esteem, achievement and recognition, and self-actualization. Therefore, Vince DiCecco found that he should know his employees well to enhance the operation and productivity of his organization. He tried to understand and respect his employees' dignity which is they have a management team that respects the differences among individuals. Besides, he suggests that the business managers should focus on, recognize and reward the performance and productivity that compares favourably with the goals and objectives for those jobs. Furthermore, companies with loyal employees regularly conduct goal-setting sessions between supervisors and workers. So, these have got to be positive sessions to accentuate the person's talent, avoid the person's shortcomings and also improve the relationship between the supervisors and employees. Other

than that, managers should speak less and listen more from the employees during the meeting. This can help the employees present their own new ideas or describe some recent achievements.

Moreover, according to Kyle (1996), there are some few ways to increase the employee's loyalty in the organization. For instance, telecommuting is important to enhance the employees' loyalty because it can reduce the travel time and generally helps employees strike a better work/life balance. It's best for positions that benefit from employees' thinking, but not for all the employees who rely on meetings and collaboration. The management in office, job involvement, leaves of absence and self-education improvement for employees are good examples of flexibility in the modern workplace. Instead of meeting financial and health needs, they satisfy human and lifestyle needs, which are equally important.

Besides, rewards also very important for enhance the employees' loyalty. It could be from the view of individual performance, team performance, and the loyalty and length of service in the firm. For the individual performance, employees reward system is important to encourage them take personal responsibility to achieve the goals set by the organization. Rewards give to employees could be in the form of commissions and bonus or employees been promoted. However, for the team performance, team rewards can work well for temporary project teams and company-wide programs. There could be some non-monetary rewards such as additional time off, employees' appreciation certificate or gifts for encourage and make them feel that they are worth for working hard for the organization since the organization acknowledge their hard works. The team will be always share their information and work together when these rewards are given by the organization. On the other hand, rewards can be giving based on the loyalty and length of service in the firm. Annual increase of employees working in the organization shows that they are becoming more appreciated and important to the company. The annual performance review shows that the employees working attitude and appraisal from organization

in each year to encourage them to put more efforts for earning the next raise for the job performance.

Otherwise, the Human Resource (HR) Department in the organization is very important. Every HR task today requires increasing levels of expertise: calculating payroll, gathering employee hours, tracking employee benefit programs, administering pensions, ensuring a safe work environment and others. Companies of all sizes are entrusting these tasks to HR outsourcers. The organization has the experts that understand and keep abreast of changes to government regulations, ensure compliance with all regulatory bodies, offer personalized service unmatched by in-house systems and use the latest technology to fully host the company data. Therefore, the firm only can pay the employees accurately and on time by having the access to HR to facilitate the succession planning and giving the employees self-service options for the benefits administration. It will help the firm to create a more satisfied and loyal employee base. As a result, it can be say that a company with motivated and loyalty employees runs on all cylinders and increasing satisfaction and productivity for company.

2.1.2 Career Development

According to Mehta, Singh, Bhakar, and Sinha (2010), career development is a most important determinant of employee loyalty. According to Merchant (n.d.), career development means an individual can be and finding a place in an organization where they can express excellence and contribute to the goals of the organization and respected position in which could advance such as promotions and upward mobility. Career development consists of concerted efforts directed towards assessing workers' performance identifying likely career paths for that employee, designing and implementing different forms of training and experience to prepare that person for more advanced job. Besides that, career development has both personal and organizational dimensions. In

organizational level, it is a planned program designed to match individual and organizational needs. Examples of program included are recruitment policy that encourages a full exchange of information between the applicant and the organization prior to hiring as well as promotion policy that considers the needs and objective of the organization and employees. According to Ginzberg, Ginsburg, Axelrad and Herma (n.d.) career development are influence by the educational process, the emotional factor and individual values. The researchers also state that individual will pursues their career goal through the educational experiences.

According to Kreisman (2002) state that career development is important to retain employee because the availability of skill development opportunities and career movement are “key attractors” of organizations. If an organization does not recognize the individual needs and desire to grow, then “development” becomes a primary reason for resignation.

In most industrial organizations, effort at career guidance are directed towards organizational goals, thus, each employee should take some initiative in planning his or her career. Since, not all firms accept the responsibility for retraining employee when the changes of job technology, the worker must be aware of the potential for change in any career he or she undertakes (Peterson & Tracey, 1979 as cited in Agba, Ogaboh, Nkpoyen, Ushie, 2010).

Career development takes a professional manager to realize that time spent in career counseling may have a greater pay off in the employee’s performance rather than time spent on routine day-to-day responsibilities. Employee must assume primary responsibility for his or her career development since the company cannot develop a worker who does not wish to be developed. While the employee does have primary responsibility for personal development, the manager and human resources development have interrelated roles in the career counseling process. Dual commitment from the employee and the organization is required if the

career counseling process is to be effective. The role of the manager is to encourage growth and create an environment that will also stimulate and encourage growth. The role of the HR department is to help both the manager and subordinate consider potential career routes, possible departmental needs and available resources for meeting these needs (Gambill, 1979 as cited in Agba, et al. 2010).

On the other hand, career problems will occur on some worker. Organization may made serious human resources planning mistakes if it assumes that all people share the same career notions and intentions. In most firms, it is becoming increasingly evident that career management programmed are cost justified in the same terms as staffing programmed, which is each approval contributes to improved utilization of employees and overall organizational effectiveness (Leach, 1980 as cited in Agba et al. 2010). Thus, the purpose of career development is to match an employee's career aspirations with opportunities and challenges available within the organization (Aplin and Gerster, 1978 as cited in Agba et al. 2010). The interest of career development also entails a successful placement of employees in positions that meet their needs as well as the organization's needs. Therefore, employee career must be of concern to organizations and managers in order that human resources can improve the management to meet constantly changing environmental condition (Aplin and Gerster, 1978; Flippo, 1980 as cited Agba et al. 2010).

2.1.3 Compensation and Rewards

In hotel industry, the relationship between employer and employees are very important. This might indirectly bring effect to the hotel industry. To retain employees, employer had provided compensation and rewards system to buoy their employees to work hard and loyal to them.

Compensation is a statistical term used in balance of payments statistics,

national accounts and sometimes in corporate accounts as well. According to Gerhart et. al. (1994) established that employee compensation plays such a key role because the heart of the employment relationship being critical importance to both employees and employers. Employees is usually depend on wages, salaries, and so forth to provide a large share of their income and on benefits to provide income and health security. For employers, compensation decisions influence their cost of doing a business, their ability to sell at a competitive price in the product market. In addition, the compensation decisions will influence the employer's ability to compete for employees in the labour market, as well as their attitudes and behaviours while with the employer. According to Steers and Porter (1991), stated that compensation is clearly shows a link between the rewards of a company offers and those individuals that attracted by the compensation to working in the firm, and those employees who willing continue to work for the business.

Recognition and rewards is playing an important role in agency programs and work unit to attract and retain employees in the hotel industry. It is a day-to-day interaction that makes employees feels that their contributions are appreciated by the company. It is recognized for their unique qualities and type of recognition may contribute to high morale in the working environment. Rewards, financial or otherwise, should be valued and must be perceived as based on performance. Perhaps there is no hitch in acknowledging this principle. But most organizations have far to go in implementing them. Researcher has declare to several management practices such as time-based compensation, inadequate performance appraisal and others that hinder reward-performance contingency and equity in the Indian context (Hofstede, 1980 as cited in Seema, 2010). According to Dunnette, Avery, and Banas (1973); Schneider, (1972) and Wanous (1976) as cited in Rusbult (1983) have established that logical to expect that job rewards such as high pay, autonomy, variety should be salient to workers even during early stages of a job, whereas the costs associated with a given job such like unexpected variations in work load, numerous deadlines, inadequate resources, and unfair promotion practices

may probably become more noticeable over time. Thus, whereas the impact of job rewards should remain relatively constant, the impact of job costs on satisfaction and commitment should increase over time on the job. Research on organizational entry provides indirect support for this statement which is the expectations of newcomers has consistently been shown to be more favourable than those of more experienced workers.

Whereas, for employees who wish to have compensation and rewards in hotel industry from employer, employees also need contribute the effort to get the return of compensation and rewards by the hotel industry. According to (Adams, 1963 & 1965; Herzberg, 1959 & 1968; Maslow, 1943 & 1954; Rousseau, 1989 & 1995) as cited in Ismail (n.d.), stated that compensation is viewed as a segment of human capital management that emphasizes planning, organizing, and controlling various types of payment systems for rewarding employees who perform their work or service. Within organizations, individual employees have different interpretations of compensation.

2.1.4 Job Security

According to previous research done by Seema et al. (n.d) found that there a significant difference between job security and loyalty when job security consider is a factor. According to Commerce Dictionary.com, job security define as the like hood that an employee will keep his or her job for a long time or until retirement and an employee's feeling that he has a right to keep his job, or that he will never be made redundant. Other than that, job security defines as the feeling that an employee has of being able to stay in a job as long as he or she wants from Publishing Dictionary.com. In other words, job security is the security of continued employment in the same occupation with the same employer. Bolman and Deal (1997) as cited in (Gerhardt, 2004) recommended that promotions from an organization would give employees a sense of job security because they support

employees to stay with the organization and gain more skills. The promotions like given the training and opportunity to learn something new can influence the employee decide continue stay at that company because they will feel the company are concern them so their job were secure.

Many of the troubles of survivor condition come from breach of the traditional psychological contract, somewhere managers were promised job security and hierarchical career advancement in return for employee loyalty and commitment to the organization (Brockner, & Cooper-Schneider, 1992 as cited in Ndlovu, & Parumasur, 2005). The changes of organizational structure and the turn down in job security have affect to the psychological contract linking employer and employee (Holm and Hovland 1999; Schmidt 1999 as cited in Cheng, 2004). In order to determine whether the job of employees secure or not by employee themselves, normally were based on the feeling or psychological so if they feel their job or work is not secure, the level of employee loyalty will be decline. In opposite, if they feel their jobs are secure, the level of employee loyalty will be increase. Employees apply their offerings to the organization and gain reasonable rewards in return; However organizations will promise job security and career advancement opportunities in substitute or gain employees' loyalty (Nicholson and Johns, 1985 as cited in Fu, 1996). Many organizations has been processing mergers, restructuring and downsizing in order to maintain or improve its' core competence. The result of these crucial changes unavoidably lead to many employees lose their jobs and meanwhile, it also break the psychological contract between employer and employee in the past, which employer has been using job security to exchange employee's loyalty. According to Batt, 1996; Beckman, 1996; Scott, O'Shaughnessy, & Cappelli, 1996, the changed of psychological contract will reduce job security and also will reduce the employee loyalty according to Goffee & Scase, (1992) and Murrell, Frieze, & Olson, (1996) as cited in Sullivan (1999).

Nowadays, employer recruits and layoff those employees are based on their company needs so job security has been develop as one of the most

important factor to employees around the world stay in a company. Job security will help to generate an environment of confidence along with employees which will reinforce their loyalty to the company (Pfeffer, 1998 as cited in Abdullah, Boyle & Joham 2010). When companies do provide job security, it can have a positive contact on the company's performance. This relates to the idea that job security both increases an employee's commitment, and has an important effect on an employee's rank of enthusiasm (Nohria et al., 2008 as cited in Abdullah et al. 2010). When the economic crisis or unstable, the employees are worry their job because the income of the employees are based on the job. When the under that situation, employers are promise given job security to the employees, employees will loyal to their company because their jobs are secure. Research by Blunt (1983), Jones (1986) and Leonard (1991) show that employees in collectivist countries such as Kenya regard job security is an important factor to them work in an organization. Company set a rule of promised job security this will lead to positive contact on productivity (Akerlof & Yellen, 1986).

Whereas, in order the employees get the job security not only contribute by the employers. The employees also need contribute the effort to get the return of job security. The exchange for employer in promise job security to employee is receiving constant loyal from employee in the future (Herriot et al., 1995 as cited in Zeppou, 1999). Several studies have shown positive relationships between job security and employees loyalty (Argyris, 1960; Ashford et al., 1989; Roskies & Louis Guerin, 1990; I lallier & Lyon 1996 as cited in Zeppou, 1999). Individual differences in perceived job security may result from organizational practices that affect the current employee–employer relationship (Davy, Kinicki, & Scheck, 1991; Geary, 1992; Roskies & Louis-Guerin, 1990; Tsui, Pearce, Porter, & Tripoli, 1997 as cited in Maria, Kraimer, Sandy, Wayne, Liden, & Sparrowe, (2005). According to Reichheld, (2006) as cited in (Seema et al., n.d) found that those employee stay in an organization two years and above is because of few factors such as benefits and pay, working environment, job satisfaction and customers.

2.1.5 Workplace Environment

The definition of the term “workplace”, meaning the place which houses workstations and any other place within the area of the undertaking to which the worker has access in the course of his or her employment (“Best Practice”, 2008). Overall, the workplace environment is where an employee’s working surrounding is according what the organization gives of the quality for the facilities, tools, ergonomic design, light, air, temperature, noise, ventilation and the cooperation with manager and co-workers. The environment can affects the employees’ productivity, safety and health, and psychologically.

At present the workplace is different, diverse and continuously changing if compare to past. According on Al-Anzi (2009) study result show over 90% respondents say the quality of their working environment affects their mood and attitude about their work. Almost as many, about 89% respondents believe the quality of their working environment is very important to them view of job satisfaction. Given that roughly one in six employees considers his or her workplace unhealthy, it is worth examining specific job characteristics to determine the extent to which they correlate with employees' perceptions of healthy work environments.

The factors of workplace environment impact the employee satisfaction towards the job and affect the loyalty to organization are performance feedback, manager support and mentoring, co-workers’ teamwork, and environmental factors. According to Hughes’ study (as cited in Al-Anzi, 2009), employees in different organizations have different office designs. Every organization office has lighting and heating arrangements, unique furniture and spatial arrangements, and different levels of noise. Comfortable and ergonomic office design is one of the ways to motivate employees increase their performance substantially.

Other than that, the principals of management that dictate how exactly to maximize employee productivity are personal motivation and the infrastructure of the work environment. Manager has to give sufficient authority to employees, increase employee accountability, delegate responsibilities and encourage teamwork. This can creating an optimistic and healthy work environment which employees are productive is essential to increased motivation, confident, loyalty and profits for organization. Employees with an engaging workplace environment that provides personal development and recognition are more possible to remain loyal to the company. Some studies suggest loyalty is declining because employees are not happy in recent years. High unemployment, limited development opportunities, demanding working conditions and declining compensation, all have contributed to a frustrating workplace environment. The obvious conclusion is that unhappy employees are disloyal employees (Reed, 2011).

Workplace quality can affect the attitude of employees and increases their productivity. Better physical environment of office will boosts the employees and ultimately improve their productivity, morale and engagement. Now, organization management new challenge is to generate a work environment that attract, maintain, and motivate the workforce. Therefore, the work environment has to be where employees enjoy with what they do, feel like they have a purpose and important, have pride in what they done, and can reach their potential.

2.2 Review of Relevant Theoretical Models

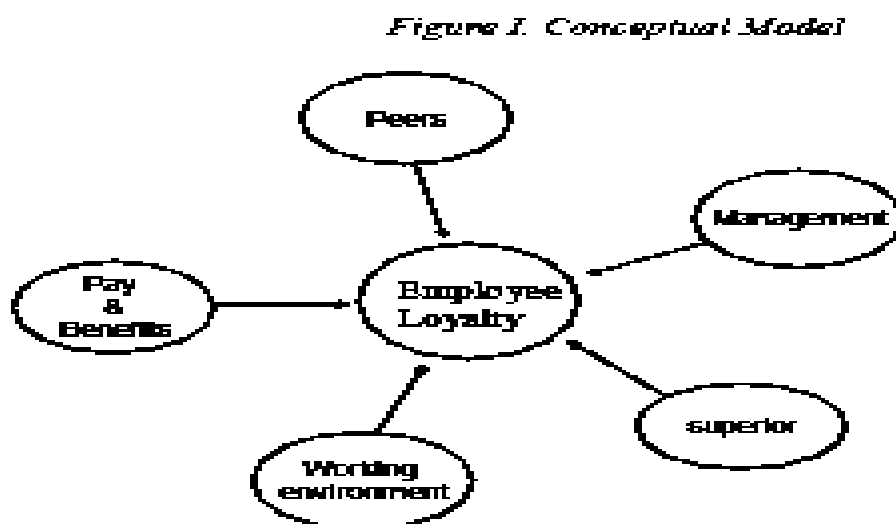
Based on previous research, the researchers, Halil Zaim and Selim Zaim (n.d.) “Investigate on measuring employee satisfaction in small and medium sized enterprises”, the purpose of the research is measure employee satisfaction and determines the critical factors of employee satisfaction and to measure their effect on the overall evaluation of employee satisfaction in small and medium sized enterprises (SMEs).

The factors have investigated by the researchers to carry out the relationship between of employee satisfaction on the employee loyalty. The factors are pay and benefits, peers, management and superior. The methodology used by the researchers to collect the data is through survey instrument and used sample. The data collection for the survey method used around 15 minute to complete it in the interview section. 30 graduate students have been interviewed by the interviewer and the backgrounds of the graduate students are ten middle level managers from ten different countries. After researchers get the data, they use Exploratory Factor Analysis (EFA) to analysis the data.

The final result of this research has a positive relationship between employee satisfactions with the employee loyalty. This means that, if the pay and benefits, peers, management and superior are increase the employee loyalty also will increase.

The conceptual framework of this research article is below:

Figure 2.1: Conceptual Model



Adapted from: Halil Zaim & Selim Zaim (n.d.). *Investigate on measuring employee satisfaction in small and medium sized enterprises.*

According to Martensen and Gronholdt (2006) study on “Internal Marketing: A Study of Employee Loyalty, Its Determinants and Consequences”, *Innovative Marketing*, Volume 2, Issue 4, 2006. An employee’s job satisfaction in a company is a complex term.

- Do the employees find that the job is interest and meaningful?
- Does the job satisfy the employee’s demand and needs?
- Does it live up to expectation?
- Do the employees experience joy in their work?
- Do they feel that, the work they do is appreciated?
- Are they generally satisfied with their job?

From the above series of questions can show the researchers believe that the expectation of employee has and experience of the job are important and linked to job satisfaction, then only can living up the employee’s loyalty.

According to Hackman and Oldman’s (as cited in Martensen & Gronholdt, 2006) on “Work Design Model, how meaningful a job is playing a significant role for job satisfaction”, the purpose of the research is to develop and apply a model of employee loyalty. Researchers have used partial least square (PLS) method to estimate the model. Result in Figure 2. The estimated model of employee loyalty show that, if increase 1-point of “job satisfaction” index directly result in a 0.43 increase in the “employee loyalty” index.

Figure 2.2: The Estimated Model of Employee Loyalty

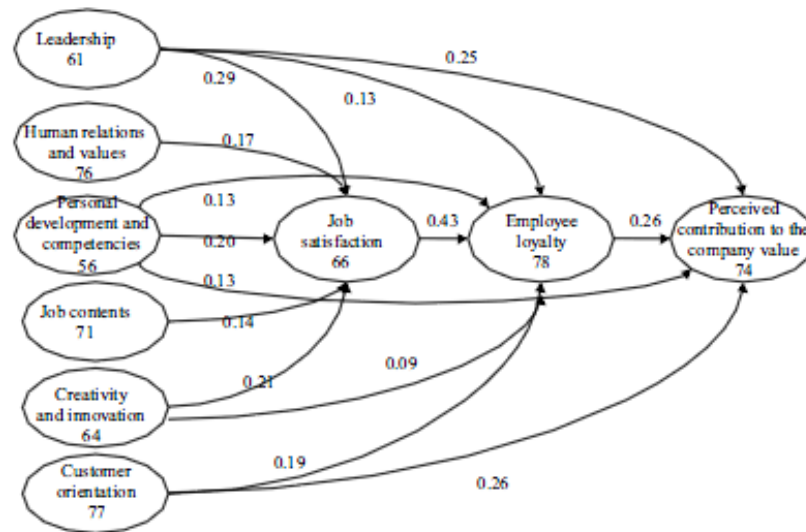


Fig. 2. The estimated model of employee loyalty

Adapted from: Martensen, A. & Gronholdt, L. (2006). *Internal Marketing: A Study of Employee Loyalty, Its Determinants and Consequences*. Innovative Marketing, Volume 2, Issue 4, 2006.

According on Abdullah et al. (2009) survey result in Table 1 found that employee satisfaction is dependent on benefits package, training and development, relationship with supervisor, working conditions, teamwork and cooperation, recognition and rewards, empowerment and communication. Whereas, employee loyalty is a result of the satisfaction that stems from satisfaction variables such as, recognition and rewards, working conditions, teamwork and cooperation, and relationship with supervisor. They are focus on the four factors, however, if look into depth the job security question, ‘my job is secure’ is highest in agree somewhat, which is 65.8%. Those employees mostly also satisfied and agree with the benefit, rewards and compensation paid by hotel.

Table 2.1: Employee Satisfaction Variables

Variables	Disagree strongly	Disagree somewhat	Neutral	Agree Somewhat	Agree Strongly
Corporate communications		13.3%	19.6%	54.4%	12.7%
Employee Trust company		10.8%	15.8%	57.0%	16.5%
Communication between dept		3.2%	13.3%	53.2%	30.4%
Established Career Path		5.1%	15.2%	57.0%	22.8%
Opportunities to Learn & Grow		3.2%	15.2%	50.0%	31.6%
Performance Appraisal reflect Performance		8.2%	29.75	49.4%	12.7%
Performance Appraisal is Fair	0.6%	8.9%	28.5%	46.8%	15.2%
Authority to make decisions	0.6%	7.6%	12.0%	58.2%	21.5%
Contribute to Company Mission			12.0%	58.9%	29.1%
Materials & Equipment to do job well		7.0%	10.1%	60.1%	22.8%
Good Work results in more money		7.0%	17.7%	50.0%	25.3%

Good Work results in Promotion		13.3%	35.4%	37.3%	13.9%
Employee valued at company	0.6%	6.3%	22.2%	51.9%	19.0%
Recognition for good job	0.6%	6.3%	17.7%	55.7%	19.6%
Salary equals the responsibilities		9.5%	22.8%	49.4%	18.4%
Feel part of a team working toward a shared goal		6.3%	13.3%	60.1%	20.3%
Politics at company kept to minimum	4.4%	27.8%	29.7%	29.7%	8.2%
Feel committed to work toward a shared goal	0.6%	10.1%	12.7%	53.8%	22.8%
My job is secure		4.4%	10.1%	65.8%	19.6%
Physical work conditions are good		7.0%	8.2%	69.0%	15.8%
Deadlines are realistic		10.8%	17.7%	55.1%	16.5%
Workload is reasonable	0.6%	8.2%	15.2%	57.6%	18.4%
Keep balance between work and personal	0.6%	5.7%	5.7%	56.3%	31.0%

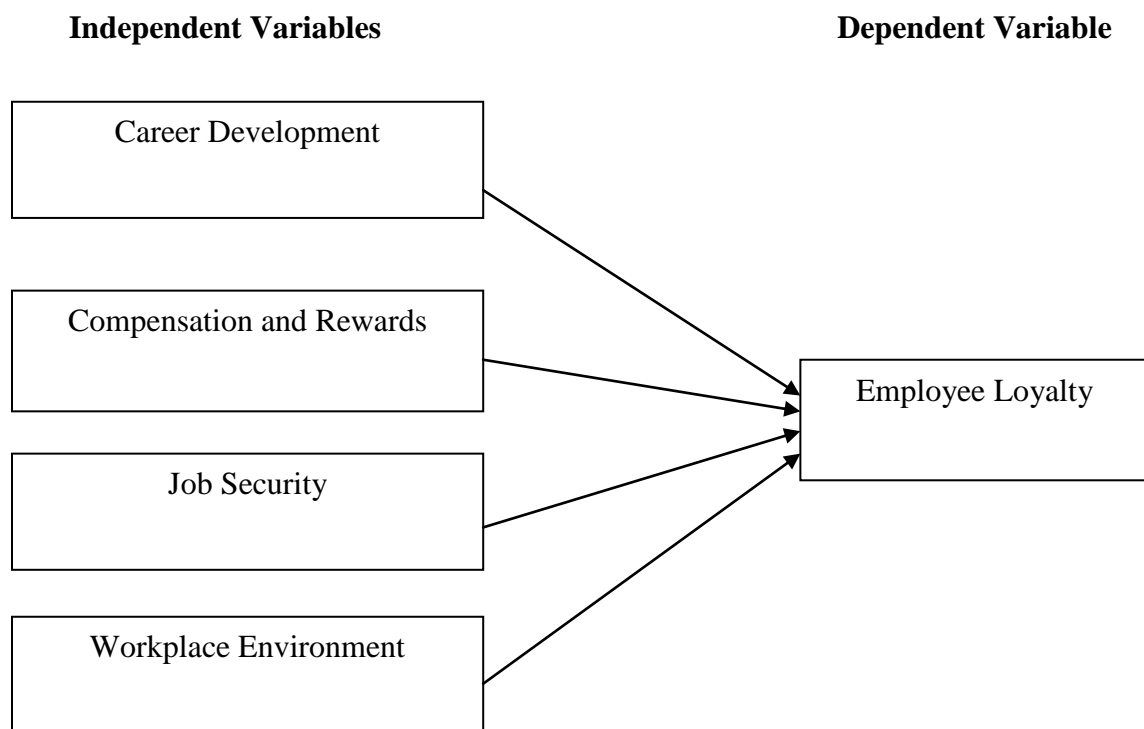
Supervisor treats me fairly	0.6%	1.9%	11.4%	62.0%	24.1%
Supervisor treats me with respect	0.6%	0.6%	11.4%	65.2%	22.2%
Supervisor handles work related issues satisfactorily		10.1%	15.2%	54.4%	20.3%
Supervisor asks for my input	1.9%	7.6%	15.8%	54.4%	20.3%
Supervisor is an effective manager	3.2%	6.3%	17.1%	50.6%	22.8%
Company provide as much initial training as needed		5.1%	24.1%	48.1%	22.8%
Company provides as much ongoing training as needed	0.6%	11.4%	27.8%	39.9%	20.3%
Received the training needed to do my job	0.6%	8.2%	20.3%	48.1%	22.8%
Training helps to improve my work performance		6.3%	18.4%	55.7%	19.6%
Satisfied with comp' benefit package		2.5%	14.6%	69.0%	13.9%
Satisfied with amount of vacation	1.3%	1.9%	15.2%	68.4%	13.3%

Satisfied with sick leave policy		0.6%	10.1%	77.2%	12.0%
Satisfied with amount of health care paid for	0.6%	4.4%	8.2%	74.1%	12.7%
Satisfied with dental benefits	7.6%	13.9%	22.2%	44.9%	11.4%

Adapted from: Halil Zaim & Selim Zaim (n.d.). *Investigate on measuring employee satisfaction in small and medium sized enterprises.*

2.3 Proposed Theoretical or Conceptual Framework

Figure 2.3: The Study's Proposed Theoretical Framework



Source: Developed for the research

Based on the finding, researchers proposed that four independent variables which are career development, compensation and rewards, job security and workplace environment that may affect the employee loyalty (dependent variable) in hotel industry. This study attempts to investigate the possible relationship between and among those variables.

2.3.1 Career Development

According to Bhatia (2001), career development can enhance job security to employees by providing them some training program and get them promoted. Career development is not only the organization responsible but it is also process that employees try to improve themselves, get promoted with their job performance and potential skills. Self-improvement is important in the career development. Employees must have the acknowledgment to learn new things, skills of management, giving suggestion for solving organization's problem and must be innovative. Therefore, employees could be easily improving themselves in their career field. Most of the organizations wish that their employees are independent and have potential for handling the problems.

According to Jason (2008), performance improvement is always a benefit to career development. When company sends employees to training and classes, they can apply the new knowledge and skills into their job to increase the efficiency and effectiveness of the organization. This can helps them to be proficient of doing more on the job and decrease the enquiring for help to perform their jobs. On the other hand, training is also another way to helps the employees improve their skills and performance of jobs. Organization could provide some job related courses for the employees to motivate and enhance employees get promoted easily in the organization. This can help the employees to accomplish in their job without stressed and being disordered. When the firm sends employees to training for a career development program, it is not only makes employees

feel that they are important for the organization but they also understand that company cares about their performance and capabilities. They feel valued as an employee and understand that company willing to spend money for their work capabilities so they can use their new skills and knowledge which learned from the training to help the company increase the profitability. Training can creates motivation for the employees. The motivation can enhance the employees for further improvements, higher wages and increase the chances for getting promoted. An employee who has been motivated can achieve more challenging goals and higher levels in their position. It also makes employees feel that they have future and opportunity to get promoted in the company and increase their job security to stay loyalty to their company.

2.3.2 Compensation and Rewards

According to a study conducted by Ahmad et al. (2010), employees are highly likely to feel ‘rewarded’ and ‘motivated’ when they know that they are able to get fair pay with regards to the amount of work that they do. The employees of the hotel industry are more motivated and loyalty to the hotel industry if they have been fairly rewarded as the return of the amount of work they do to the industry. As according to Deutsch (1975) stated that the concept of equality to refer to the rewards that employees receive regardless of the amount of contribution that they provide towards their company. In addition, members of an organization should also receive rewards that are in accordance with their personal need. According to Babakus et al. (2003), the perceptions that employees have with regards to their reward climate influences their attitudes towards their employees. In addition, the commitment of managers towards their organization is also shown by how the manager rewards his/her employees (“The impact of Rewards on Employee Performance”, n.d.).

According to Pfeffer (1998) as cited in Wang (n.d.) compensation level will decide the employee's working attitude, then the loyalty. Compensation level refers to the process of reaching paying fairness within paying ability, and it involves wage and benefit. The organization usually makes use of the information of labor market and product market within its economic ability to establish its compensation level which will decide if it can attract and retain enough qualified employees it needs. In addition, employees who perceive the procedures of distributing pay and the allocations of pay that they receive are fair will be motivated to meet ultimate goal of the organizational pay system: efficiency (i.e. improving performance, quality, customers, and labor costs), equity (i.e. fair pay treatment for employees through recognition of employee contributions and employee needs) and compliance with laws and regulations (Gomez-Mejia & Balkin, 1992a & 1992b; Kanter, 1989; Maurer et al., 1995; Milkovich & Newman, 2005 as cited in Ismail and Adanan, n.d.). According to Brooke et al. (1988) as cited in Ongori (2007), that organizational commitment is an effective response to the whole organization and the degree of attachment or loyalty employees feel towards the organization. Job involvement represents the extent to which employees are absorbed in or preoccupied with their jobs and the extent to which an individual identifies with his or her job. The degree of commitment and loyalty can be achieved if management they enrich the jobs, empower and compensate employees properly.

Whereas, employee loyalty is a result of the satisfaction that stems from satisfaction variables such as, recognition and rewards, working conditions, teamwork and cooperation, and relationship with supervisor. Besides, compensation level may determine the quality of the employee and reduce job-hopping rate of the high qualified employee, as productivity of labor, working experience exert indirect influence over the income of an organization.

2.3.3 Job Security

Job security is important employees to escape from the financial problems such as downsizings, diminishing of salaries and high unemployment rates. Therefore, company should give its employees some of job security to increase the company productivity, profits and employees' loyalty towards the company. Paul (2002) suggested that the satisfied salary is an important role for increasing the employees' job security. A balanced and satisfied salary can make the employees feel that their hard works were appreciated by the company. An on-time-payroll system also can help the employees feel secure and increase their loyalty to the company. Every employee work hard due to the reason of money, rewards and allowance. Therefore, company should pay the salary to the employees on time to convince them and encourage them to work harder to increase company productivity and profits.

According to Lee (1998), a performance appraisal program helps to rate the performance of the employees and evaluate their contribution towards the organizational goals. It helps the employees to clearly understand their roles and responsibilities and give direction to the individual's performance. It also can help to align the individual performances with the organizational goals and also review their performance. Performance appraisal takes into account the past performance of the employees and focuses on the improvement of the future job performance of the employees in the organization. As a result, an appraisal program can help employees increase their job security because the appraisal program shows the appreciation and ratification of company to employees.

According to Kim (2005), the poor communication between employees and employer will cause the poor workplace and increase the gap of relationship between employer and employees. Employer become a good listener will enhance the communication between employee and employers. Employer must pay attention to the employee what they want to talk. This

encourages the employees to talk any problem or explain his/her ideas to employer. A good listener can avoid the employees escape from express their ideas or discuss their problem with employer and will not result in much trouble as the employee may keep it aside with him/her. When employer listen to what the employees wish to comment, it will make the employees feel that they are important in the company and they can feel that company is take care about their feelings, so they willing to work harder for the company without any negative actions. Besides, employer should always give the feedback of their work and performance to the employees. This ensures them that employer always checking their outcome and they will try to perform even better to make it become satisfy and earn any hike. Employer may also give them a chance to speak about their work and ask them if they need any help or whether they are satisfied. This can ensure that a better communication between employer and the employees and build up a good relationship among them.

2.3.4 Workplace Environment

According to Fantasia (1988) as cited in Baugher (2003), stated that concept of "workers' loyalties" implies the same methodological and theoretical critique of the traditional sociological approach to studying class consciousness that makes with his concept of "cultures of solidarity." Work identity is not an abstraction, but is formed and expressed through mutual association in specific work contexts. Workers express their loyalties through actions, and such loyalties flow from one understands of self. Researchers can think of their loyalties, therefore, as work identities-in-action, and thus researchers cannot come to understand them solely through survey questions only with ask workers about class identification and class animosities. Rather, workplace participants' loyalties to workers and management will be determined by examining the actions they take in the context of their participatory role and the language they use to account for those actions.

According to Meyer and Allen (1997) stated that workers identification and emotional attachment to their workplaces. The goal allegiance component addresses the employees' loyalty feel toward an organization when organization exemplifies or agrees with their goals. This is similar to Meyer and Allen's normative commitment, an example of this would be the worker who feels strongly about the environment and recycling, he is committed to his recycling job because it's in accordance with his goal to help the environment. Indeed, some studies indicate that the opportunity to participate in how one's workplace is run can significantly affect how employees feel towards the organization (Hodson 2001; Hoffmann 2001). However, the flip side of this greater loyalty is that members of worker cooperatives may also have higher expectations for the organization, thereby increasing the probability of greater dissatisfaction (Rothschild and Whitt 1986) as cited in Hoffmann (2006).

Whereas, employees at the high-loyalty to workplaces (worker cooperatives) were more likely to include voice among the ways they would resolve workplace problems, while employees at low-loyalty workplaces (conventional companies) companies were less likely. Additionally, workers at low-loyalty companies were more likely to engage in toleration strategies.

2.4 Hypotheses Development

Based on the framework develop in previous part of conceptual framework lead to create the hypotheses development in this research. Those are developing the null and alternative hypothesis between the independent variable and dependent variable and show the relationship between independent and dependent variable. According to Zikmund, Babin, Carr, and Griffin (2010), hypotheses are an unproven proposition or supposition which tentatively explains certain facts or phenomena. It is consist of null hypothesis and alternative hypothesis. Null hypothesis concerns a population parameter. The null hypothesis is a statement

which means there is no difference exists between the parameter and the statistic that being compared to it (Cooper and Schindler, 2008). In contrast, alternative hypothesis is the logical opposite of the null hypothesis (Cooper and Schindler, 2008). In this research study, there are four hypotheses being formulated to study the factors affect employee loyalty.

2.4.1 The Relationship between Career Development and Employee Loyalty

Career development is a structure to achieve individual goals and company goals by arrangement and plan properly (Leibowitz et al. (1986) as cited in Madiha Shoaib, Ayesha Noor, Tirmizi, & Bashir, 2009). According to Hall & Moss (1998); Hsu, Jiang, Klein and Tang (2003); Steel et al., (2002); Woodruffe (1999) as cited in cited in Madiha Shoaib, Ayesha Noor, Tirmizi, and Bashir, (2009), the company require to be strengthen, there are require to train or improve their employees to achieve the goals. According to Crainer and Dearlove (1999) as cited in D'Amato, & Herzfeldt, (n.d), the young generations will leave the company when the find another's good opportunities for them to develop their career compare with promotion offer by current company.

H0: There is no significant relationship between career development and employee loyalty in Hotel Industry.

H1: There is significant relationship between career development and employee loyalty in Hotel Industry.

2.4.2 The Relationship between Compensation and Rewards and Employee Loyalty

According to Carraher, Gibson, and Buckley (2006) as cited in Hafiza, Syed, Humera Jamsheed, and Khalid Zaman (2011) company should have a good reward system to keep those employees are good performance in the organization. Compensation and rewards are the indirect income to the employees for those who are qualified to get it. According to Mendonsa (1998) as cited in Willson (2004), compensation and benefits as a factor in the decision making for all employees but the money factor not consider in the first place in their mind. It is because nowadays people more prefer other compensation and benefits for example insurance, elastic working hour, more holidays and so on. According to Denton (1992) as cited in Willson (2004), the compensation and benefit those employees are consider as training program, childcare and elastic working hour.

H0: There is no significant relationship between compensation and rewards and employee loyalty in Hotel Industry.

H1: There is significant relationship between compensation and benefits and employee loyalty in Hotel Industry.

2.4.3 The Relationship between Job Security and Employee Loyalty

According to Brocker, & Cooper-Schneider (1992) as cited in Ndlovu, & Parumasur (2005) many managers will promote job security and hierarchical personal growth to gain back employee loyalty and will help company achieve the company mission. Employees contribute their performance in order to gain the reasonable benefits return, however, employers promote job security and personal growth in order to gain back employee loyalty according from Nicholson and John (1985) as cited in Fu

(1996). In term of job security will increase employee loyalty this will have positive affect to performance of employees everyday according to Akerlof and Yellen (1986).

H0: There is no significant relationship between job security and employee loyalty in Hotel Industry.

H1: There is significant relationship between job security and employee loyalty in Hotel Industry.

2.4.4 The Relationship between Workplace Environment and Employee Loyalty

According to Reichheld (2006) as cited in Seema et al (n.d) found that those employee stay in an organization two years and above is because of few factors such as benefits and pay, working environment, job satisfaction and customers. Nowadays, working environment was very important to the employees because for those employees will consider whether the working place was healthy, safety and suitable for them work in that environment.

H0: There is no significant relationship between working environment and employee loyalty in Hotel Industry.

H1: There is significant relationship between working environment and employee loyalty in Hotel Industry.

2.5 Conclusion

Throughout the review on the relevant journal, the researchers found that the independent variable has a positive relationship to employee satisfaction in hotel industry. The variables are job security, compensation and rewards, career

development and working environment. Job security can gain back employee loyalty and the employee will continue to help the company achieve the objective. Compensation and rewards can keep those good performance workers. Career development can retain employee because the availability of skill development opportunities and career movement will attract the employee to organizations. Furthermore, working environment can retain some workers because workers will consider the environment whether the working place was healthy or safety for them. Thus, we would like to investigate whether or not the variables can predict the employee satisfaction on hotel industry in Malaysia. This survey will be carried out through the research methodology in chapter 3.

CHAPTER 3: RESEARCH METHODOLOGY

3.0 Introduction

This chapter discusses the method and procedure to collect the data in order to achieve the aims and objectives of this study. The topic to be discussed in this chapter includes the research design, data collection methods, sampling design, research instrument, constructs measurement, data processing and data analysis.

3.1 Research Design

The research design is a master plan specifying the methods and procedures for collecting and analyzing the needed information (Zikmund et al., 2010). It is a framework that plans the actions for the research project, as well as to guide us in solving problems. Quantitative research has been used to conduct this research study due to the large number of respondents who participated and where evidence is evaluated, and hypotheses are generated. As a quantitative study, researchers need to distribute the questionnaire to respondents to make conclusion. According to Zikmund et al. (2010) data is collected by using structure form, causal research form and results which are objective and less researcher observe involved. In addition, the research covered wider population thus quantitative method is more suitable rather than qualitative method where a small sample is used and involves interview. So, it will be more time consuming.

According to Zikmund et al. (2010) presented that causal research used to identify the cause and effect relationship. It means that something causes it happen and the effect is the outcome. According to Hair, Bush, and Ortinau (2002) causal research is designed to collect raw data and allow researcher to model cause effect relationship. Researchers have a better understand of which independent variables are causes of the dependent variable. In this study, researchers aim to determine whether the independent variables (job security, compensation and benefits, career

development and working environment) which might cause the dependent variable (employee loyalty) in hotel industry. Thomas (2003) suggested that positive relationship is that increase in one variable will cause an increase in another variable; whilst a negative relationship is where an increase in one variable will cause decrease in another variable. As a result, causal research is undertaken.

3.2 Data Collection Methods

Data collection is an important aspect of any type of research study. Inaccurate data collection can impact the results of a study and ultimately lead to invalid results. Data can be defined as the quantitative or qualitative values of a variable. Data can be numbers, images, words, figures, facts or ideas. Data in itself cannot be understood and to get information from the data one must interpret it into meaningful information. There are various methods of interpreting data. Data sources are broadly classified into primary and secondary data.

3.2.1 Primary Data

Primary data is the data observed or collected directly from first-hand experience. Primary data has not been published yet and is more reliable, authentic and objective. Primary data has not been changed or altered by human beings, therefore its validity is greater than secondary data.

3.2.2 Secondary Data

Secondary Data is the data collected from a source that has already been published in any form. The review of literature in any research is based on secondary data mostly from books, journals and periodicals.

3.3 Sampling Design

Sample is a subset where every item in population has the same probability of being in the sample (Susan, 2010). Thus, researchers use the sampling method to collect more related information to develop and improve the decision making for the research. This is because it is hard to gather all the information from the whole population as it is too large. However, researchers must always deliberate for the techniques which can diminish the error that might be occurring in the sampling process.

3.3.1 Target Population

Defining the target population is the first step of the sampling design. Target population is the how the vital characteristics of the population respond to the question in this research. Target population is very important in this research because it has well-defined the volume of sampling and group which involved in the research. In this research, the target population is the employees who're working in the hotel industry at Perak. According to the record of Ministry Of Malaysia Tourism (2012), there have 180 hotels in Perak until January 2012.

3.3.2 Sampling Frame and Sampling Location

Sampling frame can be defined as the list which involving of the entities of the population (Sekaran, 2003). However, the sampling frame could not be defined in this research. This is because there have 180 hotels in Perak and the sample size is too large for researchers to collect the information for the research. Moreover, not every employee in the hotel industry is willing to do the questionnaires since they feel that their point of view about the employees' loyalty is a quite sensitive matter for them.

Otherwise, sampling location in this research is based on the Perak. Since the number of hotels in Perak gradually increasing year by year, researchers chose Perak as the sampling location. The researchers will choose the hotels in Perak which have at least 5 years of business running. This is because the researchers can find out more accurate results of employees' loyalty in hotel industry as the hotel has the longer period of business running. Thus, researchers have distributed the questionnaires to the employees who are working in Perak hotel industry that the hotels have at least 5 years of business running.

Furthermore, since last time, Perak has different natural views and delicious foods which were attracted many visitors to Perak. For these few years, the entertainment and attractions in Perak are improving and this attracted many investors involve themselves in running the business of hotel industry in Perak. Therefore, researchers choose Perak for sampling location because it is easy to accomplish the questionnaires since there has a number of employees who are working in the hotel industry in Perak.

3.3.3 Sampling Element

The researchers' respondent for this research is mainly on hotel industry employees. Employees are included the low level of the corporate hierarchy such as bellboy, cleaning staff, receptionist and every department staffs.

In the sampling element who are not included employer and trainee. The employer is the person that hires the employees. In organization, the medium and high levels of corporate hierarchy as like Chief Executive Organization (CEO) and directors. Besides, the trainee is a newbie who just start step in hotel industry and not much building employee loyalty to hotel.

3.3.4 Sampling Technique

In sampling technique, there are two types which are probability and non-technique is the sampling technique in which every member of population has a known, non-zero probability of selection such as a simple random sampling, systematic sampling stratified sampling and cluster sampling.

While non-probability sampling is the probability of any particular member of population being chosen is unknown. The selection of sampling units in non-probability sampling is quite arbitrary as the researchers rely heavily on the personal judgment. There are four types of non-probability sampling which are convenience, judgment, quota, and snowball sampling.

In sampling technique researchers are conduct this study with non-probability sampling technique that is convenience sampling. Convenience sampling is the sampling by obtaining people or units that are conveniently available (Zikmund et al., 2010). Due to the limited time and cost to distribute out questionnaires to the large number of population, convenient sampling can helps to obtain a large number of completed questionnaires quickly and economically. Convenience sampling may suffer from the selection of bias and difficult to generalize from different target population. However, researchers was targeted the respondent precisely before distribute questionnaire, that is the employees who are working in Ipoh hotel industry that the hotels have at least 5 years of business running. Therefore, the accurately of the result will be higher than distribute to the new hotels.

3.3.5 Sampling Size

Sample size is the number of clarification used of a given population. In order to avoid systematic errors, it is better to determine the sampling size compare with collect data information in largest population. For this

research, samples of 200 respondents are taken into this study and will represent the all population of the Hotel Industry.

According to Roscoe (1975 as cited in Aziz, S. A., & Rosli Mahmood 2011) based on the law of thumb, the most rational of sample size was more than 30 but less than 500 respondents. Therefore, in this research was selected 200 respondents fill in the questionnaires from the Hotel Industry. Before the actual survey, a pilot test was conduct by 30 respondents in order to correct any errors of the questions in the questionnaires.

3.4 Research Instrument

The research instrument using in this study is non-interactive media. Non-interactive media is those that do not facilitate two-way communication and are largely a vehicle by which respondents give answers to static questions (Zikmund et al., 2010). Therefore, self-administrated questionnaire was used to collect primary data of this research. Paper questionnaire is the prior choice in the research because distribute the questionnaire with hand deliver is showing more sincerity and manner to respondents. Beside, face-to-face distributes the questionnaire researchers can guide and clarify to respondents, so they are not ambiguous to the questionnaire.

3.4.1 Questionnaire

A questionnaire is a reformulated written set of question to which respondents record their own answers, using within rather closely defined alternatives (Sekaran & Bougie, 2010). The questionnaire has a cover layout which helps the respondents to know the research title and purpose of the survey. The questionnaire consists of total 28 questions which are fixed-alternative questions. Then, it is divided into three sections which is

Section A, B and C. Every section has the instructions to guide the respondents.

Fixed-alternative question is the question which respondents are given specific, limited-alternative responses and ask to choose the one of the closest answer to their viewpoint (Zikmund et al., 2010). Among of the type of fixed-alternative question, the most suitable type for the question is determinant-choice question. Determinant-choice question requires the respondent to choose one response among the multiple alternatives given. Therefore, the Likert scale was chosen to apply in the questions. A Likert scale is an ordered, one-dimensional scale from which respondents choose one option that show best aligns with their view ("Likert Scale", 2012). Respondents have to choose one of the range from strongly disagree, disagree, neutral, agree and strongly agree. The number from 1 to 5 is assigned to each option.

Section A is respondent's profile which consists of 8 questions. This section is to collect the respondent's basis identification like gender, age, nationality, education level and working field in hotel industry. In Section B, it consist of 16 independent variables questions to make a survey about the respondents on which factors affected their employee loyalty most in hotel industry. There is four independent variables prepared for the respondents which are career development, compensation and rewards, job security and workplace environment. Each independent variable is to derive whether those factors have significant relationship with the loyalty of the respondents. Each independent variable has four questions involved. Under Section C is consists of a dependent variable which is employee loyalty to determine the level of the respondents' satisfaction on independent variables and its effect toward the respondents' loyalty towards the organization.

3.4.2 Pilot Test

Pilot test is a minor sort of a larger study which is piloted to formulate for the study or research (Zikmund, 2003). A pilot study implicates that the pretesting of a research tool such like a new data collection technique. To test the feasibility, equipment and methods, researchers will frequently use a pilot study, a small-scale trial of the larger research design (Rowan, 2011). Moreover, the entire research is carried out in the pilot study but it will be carrying out with fewer participants that would be used for a wide-ranging of the research.

In this research, researchers were circulated 30 sets of questionnaires to the employees who are working in the Penang hotel industry. The pilot test was consumed about 1 week time to gather back all the feedback and information. The results and feedback from the pilot test are facilitating the researchers for the big scale of research or study which is conduct after the pilot test.

3.5 Constructs Measurement

A measuring system is important for a research study. The concept to be measured was to be given an operational definition specific observable conditions or events how to measure that event that specifies. There are four types of measurement scales which are nominal, ordinal, likert and ratio, but the researchers are only use three types of measurement scale in questionnaire that are nominal, ordinal and likert.

3.5.1 Nominal Scale

Nominal Scale is a type of measurement scale with limited number of possible outcomes which cannot be placed in any order representing the

intrinsic properties of the measurements (Marsh, 1996). A measurement scale in which numbers are assigned to attributes of objects or classes of objects solely for the purpose of identifying the objects. In this research, there are two questions (question 1 and 4) in section A that are using this scale, for example:

Gender:

Male

Female

3.5.2 Ordinal Scale

Ordinal scale is a measurement type for which the relative values of data are defined solely in terms of being lesser or greater as compared with other data on the ordinal scale. These may arise from categorical rating scales, or from converting interval scale data to become ranked data (Marsh, 1996). Ordinal scale describes as order, but not relative to size or degree of difference between the items measured. In this research, there are six questions (Question 2, 3, 5, 6, 7 and 8) in section A are using this scale, for example:

Age:

Below 25

25 – 29years

30 – 34 years

35 years and above

3.5.3 Likert Scale

A Likert scale is used to measure attitudes, preferences, and subjective reactions. In software evaluation, researchers can often objectively measure efficiency and effectiveness with performance metrics such as time taken or errors made (Steven, 2005) as cited in (“Sorting Out Card Sorting”, n.d.).

Likert scale is a type of categorical, non-comparative scale that determines respondents' levels of agreement to a series of statements relating to an attitude being measured (Glossary, 2012). Likert scales usually have five potential choices (strongly agree, agree, neutral, disagree, and strongly disagree). In this research, there are questions in section B and C are using this scale, for example:

No	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	My organization takes steps to ensure that I will maximize my career potential.	1	2	3	4	5

3.6 Data Processing

3.6.1 Checking

Checking is the process of editing the data which is the process to check and scan through the questionnaire whether there are the inconsistent, incomplete and ambiguous responses. With this method, researchers can find whether it have any problem earlier and can be correct immediately before the real survey was being conducted. Therefore, researchers can reduce the risk of questionnaire which that any cause others misunderstanding such as error in sentence, content or layout.

3.6.2 Editing

Editing is the process of checking and adjusting the data. The purpose is to ensure whether there have any omissions, legibility and consistency.

Omissions may occur due to the reason of some of the respondents did not answer all the questions in the questionnaires, the respondents might not understand the question or not willing to answer. Researchers will go through this process after collecting the questionnaires from the respondents. Researchers found several omissions by some respondents in which they left a blank for 2 or 3 questions in the questionnaire. If there are less than 25% questions that are not filling in by the respondents, researchers can ignore the blank response by the respondents and also help the respondents fill up the blank column based on the respondent's pattern of responses to other question (Zikmund et al., 2010).

3.6.3 Coding

The following step is coding which has the process of adding value based on the responses of the questionnaires. Researchers will assign every question with a code number to represent the responses as well. Researchers have utilized the coding technique to assign the numerical score of data which the code analysis range for this analysis was from minimum 1 to maximum 5.

All of items in the questionnaires were pre-code before the reference made to Table 3.6 and Table 3.7 as shown on below:

Table 3.1: Labels and Codings Assigned to the Employee Personal Information

Question No.	Label	Coding
<u>Section A</u> Q1	Gender	1= Male 2= Female
Q2	Age Group	1= 19 - 24 2= 25 - 29 3= 30 - 34

		4= 35 and above
Q3	Race	1= Malay 2= Chinese 3= Indian 4= Others
Q4	Nationality	1= Malaysian 2= Non- Malaysian
Q5	Status	1= Single 2= Married
Q6	Job Designation	1= Manager 2= Department Officer 3= Receptionist 4= Bellboy 5= Others
Q7	Education level	1= STPM or Equivalent 2= Diploma 3= Degree 4= Master 5= PhD
Q8	How long have you work for the organization?	1 = Below 5 years 2= 5 – 9 years 3= Above 10 years

Source: Developed for the research

Table 3.2: Labels and Codings Assigned to the Employee Personality and Employee Loyalty Questionnaire

Question No.	Label	Coding
<u>Section B</u> 17 Questions	Four Independent Variables	1= Strongly Disagree 2= Disagree 3= Neutral 4= Agree 5= Strongly Agree
<u>Section C</u> 4 Questions	Employee Loyalty	1= Strongly Disagree 2= Disagree 3= Neutral 4= Agree 5= Strongly Agree

Source: Developed for the research

The Table 3.1 shows employees' personal information and Table 3.2 demonstrates the coding for each item in both of the employee's personality and employee loyalty of the questionnaires. There are three types of data were obtained in Table 3.1 and Table 3.2 which are nominal, ordinal and scale variables.

3.6.4 Transcribing

Transcribing data is transfer the coded data from the questionnaires into computer. This step can be exempted if the data is collected through computer-assisted telephone interviewing (CATI), computer-assisted personal interviewing (CAPI), or internet survey, because the data will be directly enter into computer. There has other ways to coded data from

questionnaire into computer such as using optical recognition, digital technologies or bar codes (Malhotra, 2010).

3.6.5 Data Cleaning

The last step for the process is data cleaning. This step needs to carefully detect the mistake then correction of errors in a data set. In SPSS system, there have two types of missing values as system-missing and user-defined. It can be assigned to input data set or numeric the values that SPSS will consider missing. Therefore researchers can add for the missing data or assign different missing value to a given variable.

3.7 Data Analysis

The data are collected from the questionnaires that given to 200 respondents were coded and analyzed by using the computerized Statistical Software Package for Social Science (SPSS) software. The data are used for description and inference regarding the factor that employee satisfaction and its effect toward loyalty in hotel industry.

3.7.1 Descriptive Analysis

Descriptive statistics are used to describe the basic features of the data in a study, it also provides a simple summary about the sample and the measures with simple graphics analysis, it form the basis of virtually every quantitative analysis of data (Trochim, 2006). Descriptive statistic is a set of brief descriptive coefficient to summarize a given data set, which can either be a representation of the entire sample or a population. The measures used to describe the data set used to measure the variability and central tendency.

3.7.2 Scale Measurement

Scale measurement refers to the basis of any foundation of systematic assessment and assignment of numerals to an object. There are four types of scale measurement which are nominal, ordinal, interval and ratio. Nominal scale is the measurement which does not gauge the objects along any proportions and it does not consist of any ranking such as gender and religion whereas ordinal scale has the numbers to place an object in classification and it consists of ranking. Otherwise, interval scale has the equal interim between the objects that represent the equal differences while the ratio scale is the scale that implicate a true zero point.

In this research, the researchers have shown that the reliability test which is a test that indicates how consistency a evaluating instrument measures a particular concept (Zikmund et al., 2010). According to Sekaran and Bougie (2010), consistency define that how well the items computing a concept which hang together a set and it can be studied through the provisional consistency test. In the reliability test, the researchers can find out how well the items in the questionnaire are interrelated to each other and it is figured in terms of the average of relationships among the four independent variables.

According to Sekaran and Bougie (2010), in general, reliabilities less than 0.60 are considered to be underprivileged, those in the 0.70 range are considered as conventional, and those over 0.80 are considered as good. In other words, the closer Cronbach's alpha is to 1, the higher the internal consistency reliability.

3.7.3 Inferential Analysis

3.7.3.1 Pearson Correlation Analysis

In this proposal, dependent variable is employee loyalty and the independent variables included career development, job security, working environment and compensation and benefits. Pearson correlation matrix will be used for testing all hypotheses. This described the purpose of a correlation design as to investigate the extent to which variations in one factor correspond with variations in one or more factors based on correlation coefficients.

Correlation coefficient is a numerical measure of the variation or relationship between two interval variables. The Pearson correlation coefficient is used to measure the degree of relationship between two variables, which is independent variable and dependent variable. In the research, all the independent variables and dependent variable are measured by the likert scale. Thus, researchers can use Pearson Correlation Analysis to measure the relationship of dependent variable and independent variable.

A correlation coefficient, r , is a number between -1 and +1 that used to measure the degree of relationship between two variable X and variable Y. The higher value of the correlation coefficient, the stronger the level of relationship between two variables. A positive value for the correlation coefficient indicates a positive relationship. Therefore, a negative value for the correlation coefficient indicates a negative relationship. Table 3.3 shows the interpretation of the correlation coefficient:

Table 3.3: Interpretation of the Correlation Coefficient

Value	Pearson Correlation, r
-1.0 to -0.7.	Strong negative association
-0.7 to -0.3	Weak negative association
-0.3 to +0.3	Little or no association
+0.3 to +0.7	Weak positive association
+0.7 to +1.0	Strong positive association

Source: Developed for the research

3.7.3.2 Multiple Regression Analysis

Multiple regression analysis is a statistical technique that used to analyze the relationship between the dependent variable and multiple independent variables, in which more than one independent variable is assumed to affect the dependent variable. In this multiple regression analysis, multiple independent variables of the study will be entered into the same types of regressions equation. A separate regression of each variable will calculated to define the relationship with the dependent variable. The relationship that occurs between each dependent variable and independent variable is linear. All the variables of the questionnaire are measured by likert scales. Multiple regressions will be calculated using the proposed formula to study the relationship between the independent variables and dependent variables.

Thus, multiple regressions had been calculated by using the proposing formula:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + \dots + b_nX_n$$

*Y represents the dependent variable, coefficient (*a*) represents the intercept or constant, and *b* was the partial regression coefficient. The

partial regressions coefficient represents the change in the dependent variable is changed by one unit and other dependent variables are held constants.

3.8 Conclusion

As a conclusion, in this chapter the research team is discussed about the general idea of the research methodology. Furthermore, they briefly describes how the research is carried out in term of research design, data collection methods, sampling design, operation definition of constructs, measurement scale and method of data analysis. The entire questionnaire distributed to the staff at front office and back office in hotel. The questionnaire is distributed according to the sample size that has been set. The data has been collected by go through several processes before it is being analyzed. After analyzed the data, researchers found that all the information can serve as a foundation for us to determine the validity of the hypotheses and come out the result as discuss in chapter 4.

CHAPTER 4: RESEARCH RESULTS

4.0 Introduction

In this chapter, the results of 200 sets of questionnaires were being analyzed. The objective of this chapter is interprets and analyzed the data collected in the research. The data that are obtained from respondents which comes from different hotel employees will be analyzed with the aid of Statistical Package of the Social Sciences (SPSS) software version 14. Before quantitative data is to be analyzed, it must be edited, coded and transformed. The quantitative data research findings of the research investigating the career development, compensation and reward, job security and workplace environment towards employee loyalty.

Under this chapter, it will be divided to several parts in analyzing the results obtained. It includes the analysis of demographic analysis, reliability test, Pearson correlation coefficient and multiple regressions. The demographic analysis include gender, age, race, nationality, status, job designation, education level and years of work for the organization were discuss under this chapter. The reliability test will be used to examine the relevancy of statements in each variable towards the surveys. For the Pearson correlation coefficient, it is used to examine the relationship between the four independent variables with employee loyalty. Besides that, multiple regression analysis is being used to examine the relationship between the independent variable and dependent variable. Lastly, to present the result with clearer information to the readers, there are also tables, pie chart and bar charts were being used.

4.1 Descriptive Analysis

This section provides an overview, results and evaluation of respondents towards the employees who are working in the hotel industry. Researchers have interpreted the questionnaires results in the form of tables and figures.

4.1.1 Respondent Demographic Profile

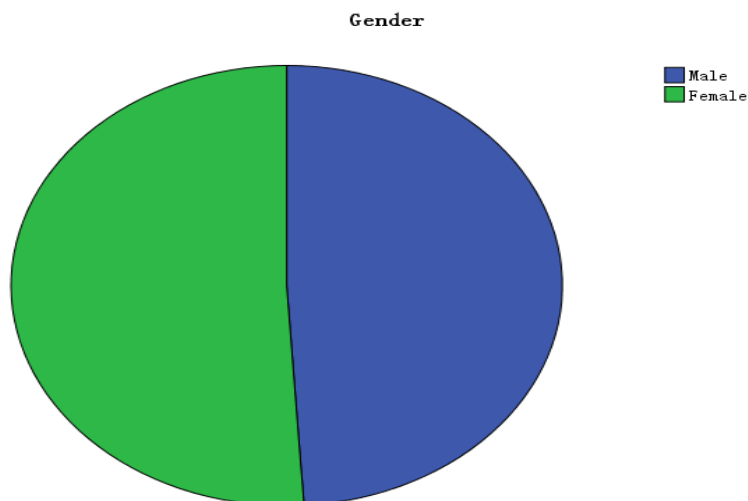
4.1.1.1 Gender

Table 4.1: Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	98	49.0	49.0	49.0
	Female	102	51.0	51.0	100.0
	Total	200	100.0	100.0	

Source: Developed for the research

Figure 4.1: Gender



Source: Developed for the research

Table 4.1 shows that the frequency of male and female respondents who participated in the questionnaires. There have 98 male respondents and 102 female respondents. It also represents that there have 49% of male

respondents and 51% female respondents who took part in the questionnaires.

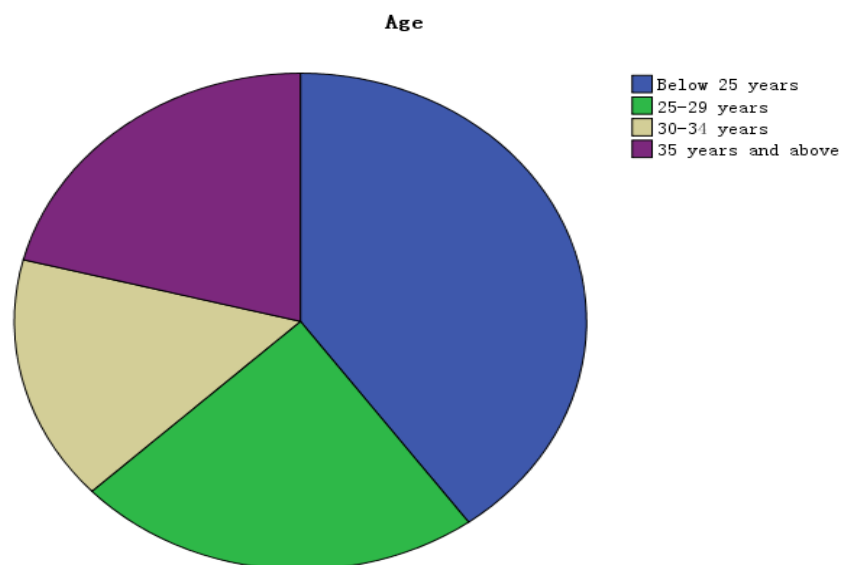
4.1.1.2 Age

Table 4.2: Age

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Below 25 years	80	40.0	40.0	40.0
25-29 years	46	23.0	23.0	63.0
30-34 years	32	16.0	16.0	79.0
35 years and above	42	21.0	21.0	100.0
Total	200	100.0	100.0	

Source: Developed for the research

Figure 4.2: Age



Source: Developed for the research

Table 4.2 shows that the frequency of different categories of age of respondents who participated in the questionnaires. It indicates that there have 80 respondents which represent 40% are below 25 years old, 46 respondents which represent 23% within 25-29 years old, 32 respondents represents 16% who around 30-34 years old and 42 respondents represents 21% who are 35 and above.

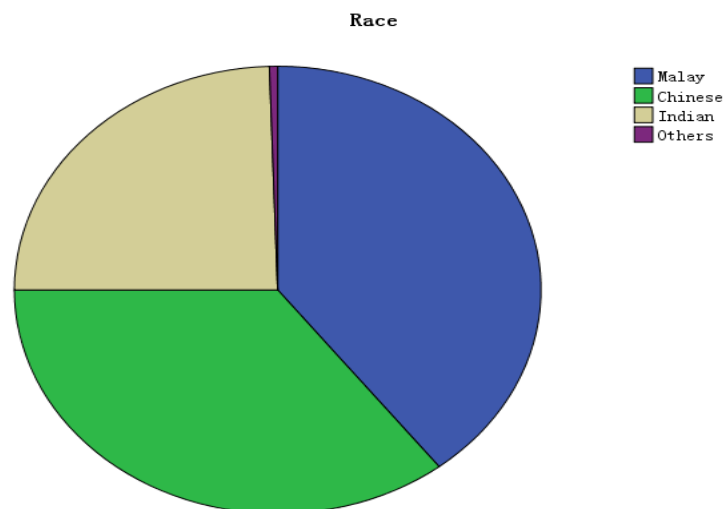
4.1.1.3 Race

Table 4.3: Race

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Malay	79	39.5	39.5	39.5
	Chinese	71	35.5	35.5	75.0
	Indian	49	24.5	24.5	99.5
	Others	1	.5	.5	100.0
	Total	200	100.0	100.0	

Source: Developed for the research

Figure 4.3: Race



Source: Developed for the research

Table 4.3 shows that the frequency of different races of respondents who participated in the questionnaires. There have 70 Malay respondents, 71 Chinese respondents, 49 Indian respondents and 1 respondent is from other races. Malay respondents inhabit 39.5% of all respondents, 35.5% of Chinese respondents, 24.5% of Indian respondents and 0.5% of other race of respondents.

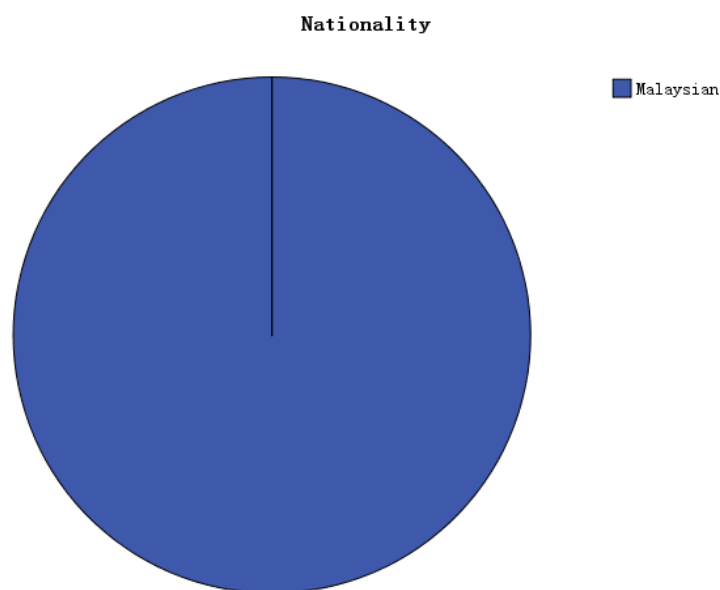
4.1.1.4 Nationality

Table 4.4: Nationality

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Malaysian	200	100.0	100.0	100.0

Source: Developed for the research

Figure 4.4: Nationality



Source: Developed for the research

Table 4.4 and figure 4.4 show that there are 100% of respondents are Malaysian who total of 200 respondents.

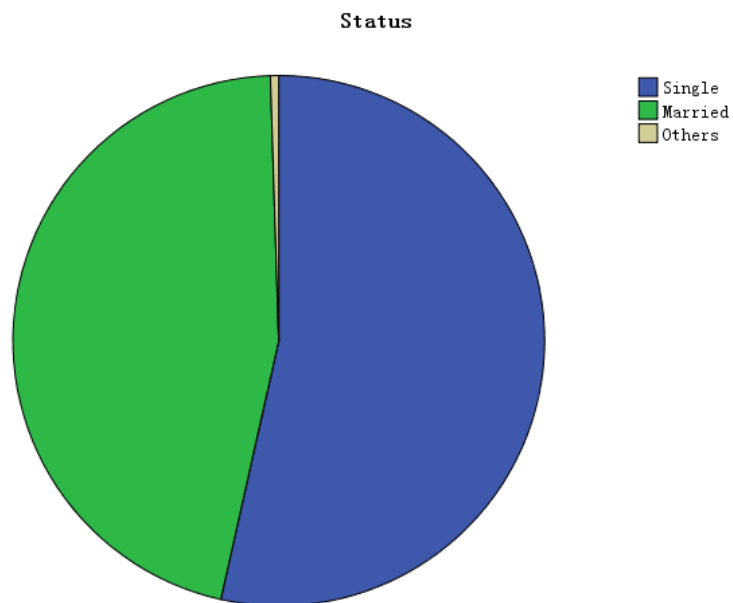
4.1.1.5 Status

Table 4.5: Status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	107	53.5	53.5	53.5
	Married	92	46.0	46.0	99.5
	Others	1	.5	.5	100.0
	Total	200	100.0	100.0	

Source: Developed for the research

Figure 4.5: Status



Source: Developed for the research

Table 4.5 shows that the frequency of the status of respondents. There are 107 respondents are single, 92 respondents are married and 1 respondent is in other than single and married status. Figure 4.5 indicates that there are 53.5% of single respondents, 46% of married respondents and 0.5% of others than single and married status of respondent.

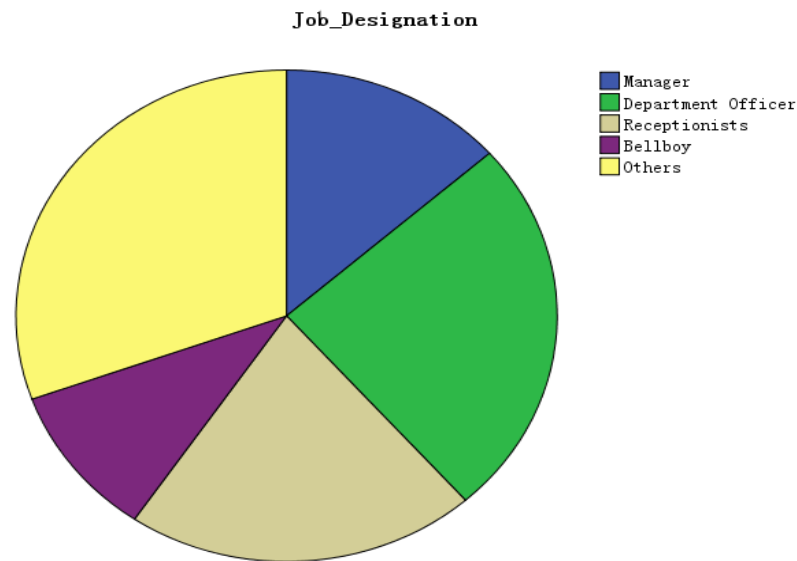
4.1.1.6 Job Designation

Table 4.6: Job Designation

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Manager	27	13.5	13.5	13.5
Department Officer	50	25.0	25.0	38.5
Receptionists	42	21.0	21.0	59.5
Bellboy	20	10.0	10.0	69.5
Others	61	30.5	30.5	100.0
Total	200	100.0	100.0	

Source: Developed for the research

Figure 4.6: Job Designation



Source: Developed for the research

Table 4.6 shows that different job position of respondents who working in Hotel industry. There are 24 respondents are managers, 50 respondents are department officers, 42 are receptionists, 20 are bellboy and 61 respondents are from others job position. Figure 4.6 also shows that the percentage of respondents' job position in the questionnaires. There have 13.5% are managers, 25% are department officer, 21% are receptionists, 10% are bellboy and 30.5% are the respondents who other than the job position which mentioned above.

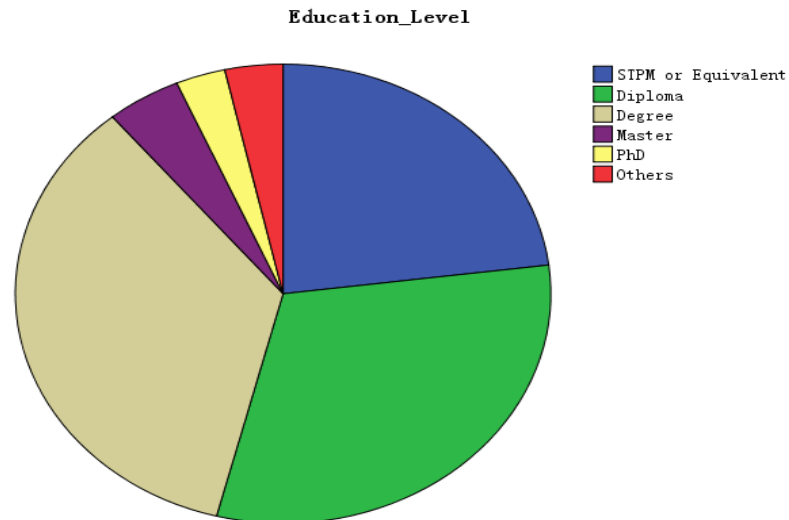
4.1.1.7 Education Level

Table 4.7: Education Level

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid STPM or Equivalent	46	23.0	23.0	23.0
Diploma	62	31.0	31.0	54.0
Degree	70	35.0	35.0	89.0
Master	9	4.5	4.5	93.5
PhD	6	3.0	3.0	96.5
Others	7	3.5	3.5	100.0
Total	200	100.0	100.0	

Source: Developed for the research

Figure 4.7: Education level



Source: Developed for the research

Table 4.7 shows that different educational levels of respondents who participated in the questionnaires. There are 46 respondents from STPM or

equivalent, 62 respondents are from Diploma, 70 respondents are from Degree, 9 respondents are from Master, 6 respondents are from PhD and 7 respondents are from others than the educational level mentioned above. Figure 4.7 show that percentages of educational level of respondents are 23% from STPM or equivalent, 31% from Diploma, 35% from Degree, 4.5% from Master, 3% from PhD and 3.5% from others educational level.

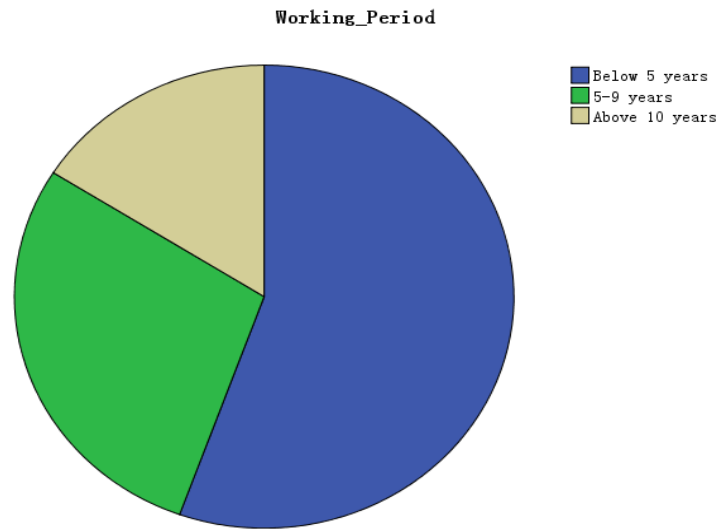
4.1.1.8 Working Period

Table 4.8: Working Period

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Below 5 years	111	55.5	55.5	55.5
5-9 years	57	28.5	28.5	84.0
Above 10 years	32	16.0	16.0	100.0
Total	200	100.0	100.0	

Source: Developed for the research

Figure 4.8: Working Period



Source: Developed for the research

Table 4.8 show that the working period of respondents in the Hotel industry. There have 111 respondents who are worked below 5 years, 57 respondents worked within 5-9 years and 32 respondents who worked 10 years and above in the Hotel industry.

4.1.2 Central Tendencies Measurement of Constructs

Table 4.9: Descriptive Statistics

	N	Minimu m	Maximu m	Mean	Std. Deviation
Career Development	200	1.50	5.00	3.8175	.58063
Compensation and Rewards	200	1.25	5.00	3.5125	.96410
Job Security	200	1.50	5.00	3.4838	.77859
Workplace	200	1.75	5.00	3.8075	.55857

Environment					
Employee Loyalty	200	2.00	4.75	3.4963	.59704
Valid N (listwise)	200				

Source: Developed for the research

Based on the Table 4.9 above, the mean and standard deviation for each of the predictor variables are as follows: Career and Development ($\mu=3.82$, $\sigma=0.58$), Compensation and Rewards ($\mu=3.51$, $\sigma=0.96$), Job Security ($\mu=3.48$, $\sigma=0.78$), and Workplace Environment ($\mu=3.81$, $\sigma=0.56$). Besides, the criterion variable (Employee Loyalty) demonstrates a mean of 3.50 and a standard deviation of 0.60.

4.2 Scale Measurement

In this research, the measurement scale that being used to design the questionnaire was nominal scale and summated rating scales (Likert). In this questionnaire designation, under Section A, it is the requirement of getting the respondents demographic profile. The questionnaire under Section A is using nominal scale which inquiring the gender, age, race, nationality, status, job designation, education level and working duration. In contrast, for Section B, the questionnaire designs are using Likert Scale as a measurement to employee satisfaction and its effects toward loyalty in hotel industry. The Likert Scale in Section B is using five-point scale which comprise of strongly disagree, disagree, neutral, agree and strongly agree.

4.2.1 Reliability Analysis

According to Zikmund (2003), reliability is the degree to which measures are free from errors and hence yield consistent result. The reliability

analysis that being used by this SPSS software is to evaluate the independent variable of career development, compensation and rewards, job security and workplace environment. For this research, the reliability analysis consists of 200 respondents.

Table 4.10: Coefficient of Cronbach's Alpha

Dimensions	Pilot Test Cronbach's Alpha	Actual Test Cronbach's Alpha
Career Development	0.551	0.732
Compensation and Rewards	0.557	0.712
Job Security	0.789	0.763
Workplace Environment	0.731	0.715
Employee Loyalty	0.708	0.770
Average of the Alpha	0.667	0.738

Source: Developed for the research

According to Table 4.10, the Cronbach's Alpha for career development in pilot test is 0.551 whereas the actual test Cronbach's Alpha is 0.732. The difference between this two alpha is 0.181. The Cronbach's Alpha for compensation and rewards in pilot test is 0.557 whereas in actual test is 0.712. The difference between this two alpha is 0.155. There is a gap on career development variable and compensation and rewards variable between pilot test and actual test Cronbach's Alpha is because of the researcher only choose one hotel to do the survey and the sample size is small compare to actual survey.

The Cronbach's Alpha for job security in pilot test is 0.789 whereas in actual test is 0.763. The difference between this two alpha is 0.026. The Cronbach's Alpha for workplace environment in pilot test is 0.731 whereas in actual test is 0.715. The difference between this two alpha is 0.016. The Cronbach's Alpha for employee loyalty in pilot test is 0.708 whereas in actual test is 0.770. The difference between this two alpha is 0.062. The three variables which are job security, workplace environment and employee loyalty, the gap are relatively small and there is an only minor change of Cronbach's Alpha. The average of the Cronbach's Alpha for pilot test is 0.667 whereas actual test is 0.738.

Table 4.11: Interpretation of Cronbach's Alpha

Dimensions	Cronbach's Alpha	Strength of Association
Career development	0.723	Good
Compensation and Rewards	0.787	Good
Job Security	0.763	Good
Workplace Environment	0.715	Good
Employee Loyalty	0.770	Good

Source: Developed for the research

According to the Table 4.11, Cronbach's Alpha values for each of the predictor variables are as follows: Career development (0.723), Compensation and Rewards (0.787), Job Security (0.763) and Workplace Environment (0.722). In addition, the Cronbach's Alpha for the dependent variable (employee loyalty) is 0.770. All the four variables and dependent variable are internal consistent and they are reliable as they are more than 0.70.

4.3 Inferential Analyses

The inferential analyses include the Pearson correlation analysis and multiple regression analysis as shown below,

4.3.1 Person Coefficient Correlation

4.3.1.1 Career Development

H0: There is no significant relationship between career development and employee loyalty in Hotel Industry.

H1: There is significant relationship between career development and employee loyalty in Hotel Industry.

Table 4.12: Correlation between Career Development and Employee Loyalty

Correlations

		Career Development	Employee Loyalty
Career Development	Pearson Correlation	1	.469
	Sig. (2-tailed)		.000
	N	200	200
Employee Loyalty	Pearson Correlation	.469	1

Sig. (2-tailed)	.000	
N	200	200

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Developed for the research

Table 4.12 shows that the p-value is 0.000 which is less than the significant level of 0.01, ($p < 0.01$). Therefore, H_0 will be rejected and H_1 is accepted since there is significant relationship between career development and employee loyalty in Hotel Industry.

The result indicates that Pearson Correlation (r-value) is 0.469, 46.9%, this represent that there is a positive relationship between career development and employee loyalty. Thus, when increasing in career development will lead to increase in employee loyalty.

The value of this correlation coefficient 0.469 is fall under coefficient range from ± 0.41 to ± 0.70 . Therefore, the relationship between career development and employee loyalty is moderate.

4.3.1.2 Compensation and Rewards

H_0 : There is no significant relationship between compensation and rewards and employee loyalty in Hotel Industry.

H_1 : There is significant relationship between compensation and rewards and employee loyalty in Hotel Industry.

Table 4.13: Correlation between Compensation and Rewards and Employee Loyalty

Correlations

		Compensation and Rewards	Employee Loyalty
Compensation and Rewards	Pearson Correlation	1	.200
	Sig. (2-tailed)		.004
	N	200	200
Employee Loyalty	Pearson Correlation	.200	1
	Sig. (2-tailed)	.004	
	N	200	200

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Developed for the research

Table 4.13 shows that the p-value is 0.004 which is less than the significant level of 0.01, ($p < 0.01$). Therefore, H_0 will be rejected and H_1 is accepted since there is significant relationship between compensation and rewards and employee loyalty in Hotel Industry.

The result indicates that Person Correlation (r-value) is 0.200, 20.0%, this represent that there is a positive relationship between compensation and

rewards and employee loyalty. Thus, when increasing in compensation and reward will lead to increase in employee loyalty.

The value of this correlation coefficient 0.200 is fall under coefficient range from ± 0.00 to ± 0.21 . Therefore, the relationship between compensation and rewards and employee loyalty is slight, almost negligible.

4.3.1.3 Job Security

H0: There is no significant relationship between job security and employee loyalty in Hotel Industry.

H1: There is significant relationship between job security and employee loyalty in Hotel Industry.

Table 4.14: Correlation between Job Security and Employee Loyalty

Correlations

		Job Security	Employee Loyalty
Job Security	Pearson Correlation	1	.541
	Sig. (2-tailed)		.000
	N	200	200

Employee Loyalty	Pearson Correlation	.541	1
	Sig. (2-tailed)	.000	
	N	200	200

** . Correlation is significant at the 0.01 level (2-tailed)

Source: Developed for the research

Table 4.14 shows that the p-value is 0.000 which is less than the significant level of 0.01, ($p < 0.01$). Therefore, H_0 will be rejected and H_1 is accepted since there is significant relationship between job security and employee loyalty in Hotel Industry.

The result indicates that Person Correlation (r-value) is 0.541, 54.1%, this represent that there is a positive relationship between job security and employee loyalty. Thus, when increasing in job security will lead to increase in employee loyalty.

The value of this correlation coefficient 0.541 is fall under coefficient range from ± 0.41 to ± 0.70 . Therefore, the relationship between compensation and reward and employee loyalty is moderate.

4.3.1.4 Workplace Environment

H0: There is no significant relationship between workplace environment and employee loyalty in Hotel Industry.

H1: There is significant relationship between workplace environment and employee loyalty in Hotel Industry.

Table 4.15: Correlation between Workplace Environment and Employee Loyalty

Correlations

		Working Environment	Employee Loyalty
Workplace Environment	Pearson Correlation	1	.386
	Sig. (2-tailed)		.000
	N	200	200
Employee Loyalty	Pearson Correlation	.386	1
	Sig. (2-tailed)	.000	
	N	200	200

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Developed for the research

Table 4.15 shows that the p-value is 0.000 which is less than the significant level of 0.01, ($p < 0.01$). Therefore, H_0 will be rejected and H_1 is accepted since there is significant relationship between workplace environment and employee loyalty in Hotel Industry.

The result indicates that Person Correlation (r-value) is 0.386, 38.6%, this represent that there is a positive relationship between workplace environment and employee loyalty. Thus, when increasing in workplace environment will lead to increase in employee loyalty.

The value of this correlation coefficient 0.386 is fall under coefficient range from ± 0.21 to ± 0.40 . Therefore, the relationship between workplace environment and employee loyalty is small but definite relationship.

4.3.1.5 Summary of four independent variables on employee loyalty

Table 4.16: Correlation Among Four Independent Variables

Correlations

		Career Developm ent	Compensati on and Rewards	Job Security	Working Envirne nt	Employee Loyalty
Career Development	Pearson Correlation	1	.165(*)	.574(**)	.314(**)	.469(**)
	Sig. (2-tailed)		.019	.000	.000	.000
	N	200	200	200	200	200
Compensatio n and Rewards	Pearson Correlation	.165(*)	1	.082	.080	.200(**)
	Sig. (2-tailed)	.019		.249	.258	.004
	N	200	200	200	200	200
Job Security	Pearson Correlation	.574(**)	.082	1	.264(**)	.541(**)
	Sig. (2-tailed)	.000	.249		.000	.000
	N	200	200	200	200	200
Workplace	Pearson	.314(**)	.080	.264(**)	1	.386(**)

Environment	Correlation					
	Sig. (2-tailed)	.000	.258	.000		.000
	N	200	200	200	200	200
Employee Loyalty	Pearson Correlation	.469(**)	.200(**)	.541(**)	.386(**)	1
	Sig. (2-tailed)	.000	.004	.000	.000	
	N	200	200	200	200	200

* Correlation is significant at the 0.05 level (2-tailed).

** Correlation is significant at the 0.01 level (2-tailed).

Source: Developed for the research

As the result shown from the Table 4.16 above, at a 1% significance level, employee loyalty appears to be significantly and positively correlated with the four predictor variables which are career development ($r = 0.469$), compensation and rewards ($r = 0.200$), job security ($r = 0.541$) and workplace environment ($r = 0.386$). Through the value that have mentioned, job security achieved the highest positively correlated with employee loyalty whereas career development is the second highest correlation with employee loyalty, and followed by workplace environment and compensation and rewards. However, it is not sufficient to be used to accept or reject the hypothesis stated in this research because Pearson correlation only shows the overall pattern and general relationship among the variables.

4.3.2 Multiple Regression Analysis

The researchers used Multiple Regression Analysis to determine the significant relationships between independent variables (career development, compensation and rewards, job security and workplace environment) and dependent variable (employee loyalty).

Table 4.17: Model Summary^(b)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.626(a)	.392	.380	.47020

Source: Developed for research

a. Predictors: (Constant), Career Development, Compensation and Rewards, Job Security and Workplace Environment

b. Dependent Variable: Employee Loyalty

Based on the Model Summary Table 4.17, the correlation coefficient (R value) for this research is 0.626. This means that there is a positive and moderate relationship between dependent variable (employee loyalty) and independent variable (career development, compensation and rewards, job security and workplace environment) because R value is positive value and 0.626 is fall under coefficient range ± 0.41 to ± 0.70 .

The R Square indicates the extent or percentage the independent variable (career development, compensation and rewards, job security and workplace environment) can explain the variations in the dependent variable (employee loyalty). In this research, independent variable (career development, compensation and rewards, job security and workplace environment) can explain 39.2% (0.392) of variations in dependent

variable (employee loyalty). However, it is still leave 60.8% (100% - 39.2%) unexplained in this study. In other words, there are other additional variables that are important in explaining employee loyalty that have not been considered in this research.

Table 4.18: ANOVA^(b)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	27.823	4	6.956	31.462	.000(a)
	Residual	43.112	195	.221		
	Total	70.935	199			

Source: Developed for research

a. Predictors: (Constant), Career Development, Compensation and Rewards, Job Security and Workplace Environment

b. Dependent Variable: Employee Loyalty

Hypothesis 5

H1: There is a significant relationship between independent variables (compensation and rewards, career development, job security, and workplace environment) and dependent variable.

In the ANOVA table 4.18, it shows that the F value of 31.462 and the p-value is 0.00 which is less than 0.05 ($p < 0.05$) so significant at the 0.05 level. In overall the regression model with those four independent variables of compensation and rewards, career development, job security and workplace environment was suitable in explaining the variation in employee loyalty. The alternate hypothesis 5 is supported by the data.

Table 4.19: Coefficients(a)

Mode		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.667	.289		2.305	.022
	Career Development	.164	.072	.160	2.272	.024
	Compensation and Rewards	.077	.035	.125	2.203	.029
	Job Security	.291	.053	.380	5.533	.000
	Workplace Environment	.241	.063	.225	3.806	.000

Source: Developed for research

a. Dependent Variable: Employee Loyalty

The elements of independent variables are the factors influence employee loyalty. This can be determined by the following equation method as below:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e$$

Y = employee loyalty

a = constant

X₁ = Career Development

X₂ = Compensation and Rewards

X₃ = Job Security

X₄ = Workplace Environment

b = regression of coefficient of X_i,

$i = 1, 2, 3, 4$

e = an error term, normally distributed of mean 0 (usually e is assumed to be 0)

Y (employees loyalty) = 0.667 + 0.164 (Career Development) + 0.077 (Compensation and Rewards) + 0.291 (Job Security) + 0.241 (Workplace environment)

Hypothesis 1

H0: There is no significant relationship between career development and employee loyalty in Hotel Industry.

H1: There is significant relationship between career development and employee loyalty in Hotel Industry.

Based on the table 4.19 of coefficients, career development is significant to predict employee loyalty in this study. This is because p-value for career development is 0.024 which is less than alpha value 0.05.

Hypothesis 2

H0: There is no significant relationship between compensation and rewards and employee loyalty in Hotel Industry.

H1: There is significant relationship between compensation and rewards and employee loyalty in Hotel Industry.

Based on the table 4.19 of coefficients, compensation and rewards is significant to predict employee loyalty in this study. This is because p-value for compensation and rewards is 0.029 which is less than alpha value 0.05.

Hypothesis 3

H0: There is no significant relationship between job security and employee loyalty in Hotel Industry.

H1: There is significant relationship between job security and employee loyalty in Hotel Industry.

Based on the table 4.19 of coefficients, job security is significant to predict employee loyalty in this study. This is because p-value for job security is 0.000 which is less than alpha value 0.05.

Hypothesis 4

H0: There is no significant relationship between workplace environment and employee loyalty in Hotel Industry.

H1: There is significant relationship between workplace environment and employee loyalty in Hotel Industry.

Based on the table 4.19 of coefficients, workplace environment is significant to predict employee loyalty in this study. This is because p-value for workplace environment is 0.000 which is less than alpha value 0.05.

4.3.2.1 Highest Contribution

Job Security is the predictor variables that contribute the highest to the variation of the dependent variable (Employee Loyalty) because Beta value (under standardized coefficients) for these predictor variables is the largest (0.380) if compare to other predictor variables (Career Development, Compensation and Rewards and Workplace Environment).

This means that job security make the strongest unique contribution to explain the variation in dependent variable (employee loyalty), when the variance explained by all other predictor variables in the model is controlled for.

4.3.2.2 Second Highest Contribution

Workplace environment is the predictor variables that contribute the second highest to the variation of the dependent variables (Employee Loyalty) because Beta value (under standardized coefficients) for this predictor variable is the second largest (0.225) if compare to other predictor variables (Career Development, Compensation and Rewards and Job Security).

This means that workplace environment make the second strongest unique contribution to explain the variation in dependent variable (Employee Loyalty), when the variance explained by all other predictor variables in the model is controlled for.

4.3.2.3 Third Highest Contribution

Career development is the predictor variables that contribute the third highest to the variation of the dependent variables (Employee Loyalty) because Beta value (under standardized coefficients) for this predictor variable is the third largest (0.160) if compare to other predictor variables (Compensation and Rewards, Job Security and Workplace Environment).

This means that career development make the third strongest unique contribution to explain the variation in dependent variable (Employee Loyalty), when the variance explained by all other predictor variables in the model is controlled for.

4.3.2.4 Lowest Contribution

Compensation and rewards is the predictor variables that contribute the lowest to the variation of the dependent variables (Employee Loyalty) because Beta value (under standardized coefficients) for this predictor variable is the smallest (0.125) if compare to other predictor variables (Career Development, Job Security and Workplace Environment). This means that compensation and rewards make the least contribution to explain the variation in dependent variable (Employee Loyalty), when the variance explained by all other predictor variables in the model is controlled for.

4.4 Conclusion

Overall, under this chapter, all the respondent's profile and attitude of each the respondents towards hotel industry have been analyzed using descriptive analysis. All the data were measured under central tendencies and dispersion on all five constructs. All of it was being examined by the internal reliability test. In addition, they were also being tested by inferential analyses which are Pearson correlation analysis and multiple regression analysis. The association between the five constructs were analyze using Pearson correlation analysis whereas multiple regression analysis being used to examined the relationship between several independent variables and a dependent variable. From the next chapter which is Chapter 5 there will be providing more discussions of the finding and study.

CHAPTER 5: DISCUSSION AND CONCLUSION

5.0 Introduction

In this final chapter, the results presented in chapter four will be further discussed. Researchers have to discuss the summary of statistical analysis, discussion of major finding and the implication of the study. Then, recommendations also need to discuss based on the limitations of the present study for the future researchers. Lastly follow by conclusion to end the chapter. The conclusion gives an opportunity or a sight to the future researchers to carry out their future research on employee loyalty in hotel field.

5.1 Summary of Statistical Analyses

5.1.1 Descriptive Analysis

From the previous chapter, demographic analysis is used to draw an illustration of respondents' characteristics. From the demographic information, within the sample of 200 respondents, the percentages for gender are 49% of male respondents and 51% female respondents who took part in the questionnaires. Most of the respondents were from age group below 25 years old (40%). The least respondents were from age group 30-34 years old (16%). Moreover, the result shows that the most respondents is from the Malay race, which is up to 52.5% (79 respondents), the least respondents which are only 0.5% (1 respondent) is from others race. Furthermore, the nationality there is 100% of respondents are Malaysian who total of 200 respondents. Apart from that, in the status group, the most respondents are single which 107 respondents are (53.5%) and the least is others than single and married status of respondent which

are only 1 respondent (0.5%). Moreover, the most respondents in job designation is Others which has 61 respondents (30.5%) whereas the least is bellboy which is only 20 respondents (10%). Besides, data result showed the qualification of respondents mostly is under degree level which is 35%, and there are only 3% of the respondents from PhD level. From the result, the most working duration experienced by the respondents is from who are work for the duration of below 5 years, which is 55.5% (111 respondents), and the least working duration experienced by the respondents is from who are work for the duration of above 10 years, which is 16% (32 respondents).

5.1.2 Inferential Analysis

5.1.2.1 Pearson Correlation

According to the internal analysis, the four independent variables which are career development, compensation and reward, job security and working environment are used to examine their relationship with the employee loyalty by using Pearson correlation analysis. From table 4.13, the result shows that the correlation between career development and employees loyalty is 0.469; with compensation and rewards is 0.200; with job security is 0.541; and workplace environment is 0.386. As an overall, all these figures show that the all four variables have positive relationships towards employee loyalty.

5.1.2.2 Scale Measurement

In this study, researchers were used Cronbach's Alpha to examine the internal reliability of the five constructs. The five constructs included career development, compensation and rewards, job security, workplace environment and employee loyalty. Employee loyalty has the highest alpha

coefficient, which is 0.770. It is followed by job security with 0.763, career development with 0.732, workplace environment, with 0.715, and lastly for compensation and rewards with 0.712.

5.1.2.3 Multiple Regression Analysis

Referring Table 4.19, job security has the strongest beta coefficient with employee loyalty, which is 0.380. Secondly, is followed by workplace environment, which is 0.225. Thirdly, it is followed by career development, which is 0.160. The lowest beta correlation with employee's performance is compensation and rewards, which is 0.125. The result shows that there are four independent variables (career development, compensation and rewards, job security and workplace environment) have significant relationship with the dependent variable (employee loyalty).

The correlation coefficient of the four independent variables which is career development, compensation and rewards, job security and workplace environment with the dependent variables of employee's loyalty is 0.626. The regression line will possibly significantly explain 62.6% of the total variations of employee loyalty.

Besides, the coefficient of determination (R^2) is 0.392 which means 39.2% of the variances in employee loyalty have been significantly explained by the career development, compensation and rewards, job security and workplace environment. The ANOVA table indicates that F value of 31.462 is significant at the level of 0.05. This is because the p-value 0.000 is less than 0.05.

Y (employees loyalty) = 0.667 + 0.164 (Career Development) + 0.077 (Compensation and Rewards) + 0.291 (Job Security) + 0.241 (Workplace environment)

5.2 Discussions of Major Findings

5.2.1 Relationship between Career Development and Employee Loyalty

Hypothesis 1

H1: There is significant relationship between career development and employee loyalty in Hotel Industry.

According to SPSS result Table 4.12, the result had shown a significant relationship between career development and employee loyalty in Hotel Industry, with p-value= 0.000, which is less than significant level of 0.05 ($p < 0.05$). Therefore, H1 will be accepted.

According to Mehta, Singh, Bhakar, and Sinha (2010), career development is a most important determinant of employee loyalty. Career development can provide opportunity to employee gain experience and trains employee on myriad skills.

According to Seema et al. (2010), career development is a most important determinant of employee loyalty. Career development can provide opportunity to employee gain experience and trains employee on myriad skills. According to Nusbaum (n.d.) career development can increase in employee chances for advancement and increased employee loyalty and can lead to a more effective organization. According to Jackson, Donald, Sirianni, and Nancy (2009), the good one way to service employees is through career development programs because it can help increase in employees' job satisfaction and feelings of empowerment in their customer-facing roles. Besides, it also can reduce employee turnover and increasing customer satisfaction, loyalty, and profitability. Furthermore,

career development is important to retain employee because the availability of skill development opportunities and career movement are “key attractors” to organizations and if an organization does not recognize the individual’s need and desire to grow, then “development” becomes a primary reason for resignation (Kreisman 2002).

5.2.2 Relationship between Compensation and Rewards and Employee Loyalty

Hypothesis 2

H1: There is significant relationship between compensation and rewards and employee loyalty in Hotel Industry.

According to SPSS result Table 4.13, the result had shown a significant relationship between compensation and rewards and employee loyalty in Hotel Industry, with p-value= 0.004, which is less than significant level of 0.05 ($p < 0.05$). Therefore, H1 will be accepted.

Compensation and rewards is importance to affect the employee loyalty in hotel industry. Therefore, there are some studies have been done to support that compensation and rewards has positive significant relationship with employee loyalty in hotel industry.

According to Wang (n.d.), employer should attract employees who have high loyalty, because they are the advantage of the organization in a competition. The effectiveness of compensation will affect the talents attraction, while the talents will influence the strategic decision and enhance competitive advantage. Furthermore, hotel industry should develop a compensation system and adequate controls to ensure compliance with the system. Besides, the compensation system is effectively control the labor costs, improve employee loyalty, and boost

quality of services. According to Baker et al. (1987), compensation is generally assumed the higher performance requires greater effort or it is in some other way associated with disutility on the part of workers. In order to provide incentives, these have predicted the existence of reward systems that structure compensation so that employee is more loyalty to the organization. Thus, fair compensation management will improve the performance level of the organization.

In addition, according to Erez and Earley (1993) as cited in Fischer (n.d.), organizational reward allocation processes is also one of the main tools for increasing and maintaining the work motivation. Organizations have great discretion about the specific aspects they can consider and reward when making decisions about highly valued resources such as pay raises or promotions, or making negative decisions such as those about dismissals. According to Wang (n.d.), the new compensation system, the enterprise need to have employee to share more risk, because the high risk reward can foster faithfulness and responsibility and encourage them to stay. Thus, employee feels the considerate care and warmth through the fairness in compensation management, and develops a sense of belonging, responsibility, obligation, recognition and loyalty.

According to Vroom (1964) as cited in Lindner (1998), stated that the employee effort will lead to performance and performance will lead to rewards. Rewards may be either positive or negative. The more positive the reward more likely the employee will be highly motivated and loyalty to the organization. Conversely, the more negative the reward the less likely the employee will be motivated.

In the journal by authors Halil Zaim and Selim Zaim (n.d.), researchers found that in the Table II regression weights of the model show that among the factors, pay and benefits was found to be the most important criterion with the value of its standardized regression weight being 0.37 ($p < 0.01$) followed by management (0.28) and working environment (0.25). In contrast, Peers (0.12) and superiors (0.09) have comparatively less impact

on overall satisfaction. This finding is not particularly surprising in that wages and fringed benefits play an important role for the employees in Small and Medium Enterprise (SME).

Table 5.1: Regression weights of the model

Table II. Regression weights of the model

Dependent Variables	Independent Variables	Standardized Regression Weight
Employee loyalty	Satisfaction from pay and benefits	0.368**
	Satisfaction from peers	0.122**
	Satisfaction from management	0.285**
	Satisfaction from working environment	0.246**
	Satisfaction from superior	0.096*

**Significant at the 0.001 level.

* Significant at the 0.05 level.

Adopted from: Halil Zaim & Selim Zaim (n.d.). *Investigate on measuring employee satisfaction in small and medium sized enterprises.*

Based on the journal result, the highest regression weight is satisfaction from pay and benefits. Pay and benefit is same as compensation and rewards, the Compensation that pay to the employee and the rewards that benefit the employee loyalty. The highest of regression weight of satisfaction from pay and benefits in an organization, the better employee loyalty towards the organization. Furthermore, this research result is consistent with the current research results that conduct by the researchers.

5.2.3 Relationship between Job Security and Employee Loyalty

Hypothesis 3

H1: There is significant relationship between job security and employee loyalty in Hotel Industry.

According to SPSS result Table 4.14, the result had shown a positive significant relationship between job security toward employee loyalty in hotel industry, with p-value = 0.00, which is less than significant level of 0.05 ($p < 0.05$). Therefore, H1 in hypotheses 3 will be accepted.

According to previous research done by Seema et al. (n.d.) found that the final result there is a significant relationship between job security and loyalty when job security consider is a factor so that is consistent with final result in this research. Other than that, the result of the research done by Abdullah, Musa, Zahari, Rahman, and Khalid (2011) also consistent with the result in this research study. Thus, job security as a factor to influence employee loyalty in a company.

Nowadays, employee will more concern on job security, compensation, benefits and ability to pay bills when economics in crisis according to Smith (2010). If an employee lost his/her job, there is no ability to pay all the expense in their life because their income is come from their employer so job security will affect employee loyalty in a company.

Bolman and Deal (1997) as cited in Gerhardt (2004) recommended that promotions from within an organization would give employees a sense of job security because they support employees to stay with the organization and add extra skills. When employees feel their employer was provided job security to their employees, most of employee will more willing stay or loyalty to the company. According to Herriot and Pemberton (1996); Sims

(1994) found that the employee will offer working hard and loyalty in exchange of employer provided job security to them.

Other than that, the changes in the organizational structure and the decline in job security have changed the psychological contract between employer and employee (Holm et al., 1999 as cited in Cheng, 2004).

5.2.4 Relationship between Workplace Environment and Employee Loyalty

Hypothesis 4

H1: There is significant relationship between workplace environment and employee loyalty in Hotel Industry.

According to SPSS result Table 4.15, the result had shown a significant relationship between workplace environment and employee loyalty in Hotel Industry, with p-value= 0.000, which is less than significant level of 0.05 ($p < 0.05$). Therefore, H1 will be accepted.

According to Gonyea and Goognis (1992); Kamerman and Kahn (1987) as cited in (Cheng, 2004) stated that individuals will stay with a company that clearly considers and cares for their health, location, family, dual-career, career priorities which is life stage needs, and other personal needs. While according to Miller, Erickso and Yust (2001) as cited in (Shoaib et al., 2009) stated that employees feel get benefited by workplace environment that provide sense of belonging.

Employees would stay in an organization due to a satisfying workplace environment with suitable work conditions and also with good workmates provide comfort and security needed to sustain daily work activity. A positive quality working life allows sufficient monetary reward to meet

employee's individual needs, challenging work and a workload that also allows balance for employee lifestyle needs to be met (Cheng, 2004).

According to Cheng (2004) states that the managing core employees effectively is identifying employees' needs. Employees bring their needs, hopes and aspirations to their works, and expect to seek a work environment where they can utilise their abilities and satisfy many of their basic needs. When the organization provides such means of expression, likelihood of increasing commitment seems to be enhanced. If the organization is not dependable or it fails to provide employees with meaningful and challenging tasks, commitment levels tend to diminish. Thus, commitment increase, the loyalty enhanced from the employees.

Moreover, according to Herz (2005) study (as cited in Emerson, 2007), the major focus of designing an attractive physical workplace for employees is the basis for all other fundamentals that play into employee satisfaction. The reason is attractive and comfortable workspaces can improve employee attitudes and overall employee's satisfaction. Besides, both employees and employers can benefit from a well-designed work area. Thus, when employees are satisfied with the physical workplace environment, they will be more productive, tend to be more loyalty, as well as more satisfied with their work situation.

According on Brill, Weidemann, Olsen, Keable and Bosti (2001) study (as cited in Shoaib et al., 2009), workplace designs have a deep impact on employees and tend to live with the job as long as satisfied. Therefore, satisfying the workplace environment is the reason for employee retention and also increases the loyalty towards organization.

In Halim Zaim and Selim Zaim's study result, the Table II shows among the factors, pay and benefits was found to be the most important criterion with the value of its standardized regression weight being 0.37 ($p < 0.01$) followed by management (0.28) and working environment (0.25). In contrast, peers (0.12) and superiors (0.09) have comparatively less impact

on overall satisfaction. This finding is not particularly surprising in that wages and fringed benefits play an important role for the employees in Small and Medium Enterprise (SME).

Table 5.2: Regression Weights of the Model

Table II. Regression weights of the model

Dependent Variables	Independent Variables	Standardized Regression Weight
Employee loyalty	Satisfaction from pay and benefits	0.368**
	Satisfaction from peers	0.122**
	Satisfaction from management	0.285**
	Satisfaction from working environment	0.246**
	Satisfaction from superior	0.096*

**Significant at the 0.001 level.

* Significant at the 0.05 level.

Adapted from: Halil Zaim & Selim Zaim (n.d.). *Investigate on measuring employee satisfaction in small and medium sized enterprises.*

Working environment is the second best value of the standardized regression weight of the model on the Halim Zaim and Selim Zaim study result, it is consistent with the current research result. It shows that the satisfaction of employee on the working environment is very important to build the loyalty. Thus, this was proof that the workplace environment is significantly important that can affect the employee loyalty towards the organization.

5.2.5 Relationship between Independent Variables and Dependent Variable

Hypothesis 5

H1: There is a significant relationship between independent variables (career development, compensation and rewards, job security, and workplace environment) and dependent variable.

According to SPSS result from multiple regression tests, the correlation coefficient of the four independent variables which is career development, compensation and rewards, job security and workplace environment with the dependent variables of employee's loyalty is 0.626. The regression line will possibly significantly explain 62.6% of the total variations of employee loyalty. Besides, the coefficient of determination (R^2) is 0.392 which means 39.2% of the variances in employee loyalty have been significantly explained by the career development, compensation and rewards, job security and workplace environment.

According to Reichheld (2006) as cited in (Seema et al. n.d.) found that those employee stay in an organization two years and above is because of few factors such as benefits and pay, working environment, job satisfaction and customers. This means that, employees will look at different factor to decide their loyalty in an organization. If the organization can provide the entire requirement to those employees, then company will gain the return of employee loyalty in the future.

Based on the Pearson Correlation Analysis career development, compensation and rewards, job security and working environment (independent variable) are significant relationship with employee loyalty (dependent loyalty) so this is show that, this four independent variable will influence the employee loyalty in an organizational.

5.3 Implications of the Study

5.3.1 Managerial Implications

After research conduct, researchers have found that there are significant relationship between four independent variables (career development, compensation and rewards, job security and workplace environment) and dependent variable (employee loyalty) in hotel industry. Therefore, understanding these factors can help to the organization to increase their employee loyalty in hotel industry.

5.3.1.1 Career Development

Career development can be a powerful motivator of employee loyalty. Employee always seeks for challenge and growth in order to achieve the goals and get promoted. When employees are given opportunities for learning and career development they feel valued and appreciated. Besides, when the organization treats the employee as long-term members, it also can help maintain employee loyalty. Organizations that provide employees with an engaging work environment, innovative opportunities for personal development and career development will be well positioned to retain talented, experienced employees and increase the employee loyalty. Apart from that, organization should reward the employee such as promotion in order to increased workers productivity and greater commitment to the organizational goals. Organization should place high premium on career advancement, career counselling and career opportunities of their staff to increase the employee loyalty.

5.3.1.2 Compensation and Rewards

Compensation and rewards was the lowest beta value among the variables. Based on the result in correlation coefficient, there is a positive significant relationship between the compensation and rewards towards the employee loyalty in hotel industry. According to Dewhurst et al. (2010) as cited in (“The impact of Rewards on Employee Performance”), to reward employees do not just focus on financial compensation. Some of these are including the praise that employee able to acquire from their managers, the opportunity to take important projects or tasks, and even leadership attention. In addition, according to Mary study (as cited in Haack, 2012), once the employee get to receiving the financial rewards of meeting goals, they will began to work for the rewards, not the intrinsic motivation that comes from doing a good job but is also helping their company be successful.

Based on the result, it shows that employees is not very satisfied with their compensation and rewards towards the hotel industry. Besides, it is also show that the compensation and rewards make the least contribution to explain the variation in dependent variable (Employee Loyalty). Thus, negative feedback will create negative feelings among employees in an organization and decrease employees loyalty.

In order to improve the employee loyalty, manager is suggested to use some method, like compensation level to determine the quality of the employee and reduce the job-hopping rate of the high qualified employee, productivity of labor, and working experience exert indirect influence over the income of hotel industry. Therefore, compensation level decides the value and the recognition of employee ability. Besides, the compensation must be designed to help attract and retain the employees. The compensation must be reasonable enough to attract the employees with excellent performance and to encourage the employees to learn new skills and to develop their responsibilities. Thus, fair compensation management

will improve the performance level and employee loyalty of the organization (Wang, n.d.).

5.3.1.3 Job Security

Base on the outcomes of the research, the highest beta value among the variable is job security. Result shown in correlation coefficient, there is a significant relationship between job security and employee loyalty in hotel industry. This illustrates that company should concern more on the level of job security that to increase employee loyalty in a company. According to Eric (2010) found that job security was most important factors for them loyal to their employer. This is because nowadays unemployment rate was keeping increase. Therefore, the entire employee was worrying their job in the future.

According to Walker Information (2005), employees will increase their loyalty to employers when there are feel their job is secure. Thus, employers should increase job security to whole employees in order to exchange employee loyalty in the future.

Besides that, according to Allan and Sienko (1997) found that employees was not viable to wait for a promise of long term job security in an organization. There have many ways to increase job security in a company such as provide training course to all employees. When the employer sends their employee to learn new skill or knowledge relate with their current task, employee will feel and confidence in their job is secure because employer was require them to learn new skill or knowledge to help employer run their business in future.

According to Holm et al. study (as cited in Cheng, 2004) found that the changes in the organizational structure and decline in job security have changed the psychological contract between employer and employee. When employee feel there have changes in an organization their job is not

secure, these will lead to establish some feeling or opinion in employee mind so this will reduce the employee loyalty to the organization by change of psychological contract. In order to solve this problem, employer should reduce the changes of organization structure to increase job security for employee and build a good relationship between employee and employer.

Employees devote their contributions to the organization and gain reasonable rewards in return; organizations provide job security and career advancement opportunities in exchange for employees' loyalty (Nicholson et al., 1985 as cited in Fu, 1996). Finally, in order the gain employee loyalty, employer must provide something to ensure job of employee is secure, then employee only will loyal to the company.

5.3.1.4 Workplace Environment

The term "work environment" covers many different aspects such as physical work environment, management's attitude towards employees, relationship with colleagues, and working conditions (Emerson, 2007). Fran Tarkenton declares that to seek what motivates people, "you have to find what turns people on." This is the most important issue in the process. A motivating workplace environment need going over and beyond the call of duty and providing for the needs of the employee (Smith, 2010). An environment is anything that helps and supports employees to be or to perform in a certain way.

Moreover, a motivating work environment must be the one in which employees are feel treated fairly. No matter what level of input a particular employee has in relation to the business processes as a whole, it is necessary for a manager to offer each employee a sense of playing a self-motivated, integral role in something much larger. In fact, engendering loyalty is a key element of motivating employees and thereby increasing the overall productivity of operations (Chandrasekar, 2011).

Ergonomics in a home office is important because it improves employee productivity, creates a comfortable work place environment, and put off stress and injury. Creating an ergonomic home office not only will improve the quality of employee work, but also will improve the quality of employee body and mind (“The Importance of Ergonomics”, 2011). Ergonomic studies that focus on features of the furniture and the performance of tasks are oriented to the comfort and functioning of the individual in a given furniture configuration or workstation (Vischer, 2005). Workplace environment can greatly influence employee morale. According Chandrasekar (2005) mentioned that a dull office lacking light and colour can cause depression and a lack of motivation. The employer should try brightening up the space with a soothing paint job, green plants, and tasteful artwork.

In workplace environment not only has to improve the physical of the office environment, relationship in the work environment between employees also important. In community sector, pay is not an issue more the motivation and deployment. Job, challenges, training and work environment especially work relationships, team work and shared fellowship is important (Janet Cheng, 2004).

The employee has to build a successful work relationship and interact with people in a positive way to achieve organizational goals. According to Eisenberger and Associates (1990) as cited in (Cheng, 2004), employee’s view of the organization is strongly influenced by their relationship with their supervisor. By having support, employees are more engaged by having good relationship and open communication with supervisor. Then, it also will allow employees to feel confident and comfortable to voice opinions and suggestions to improve condition and work.

Reichheld (as cited in Mehta et al., 2010) suggested that an employee feedback system can help increase employee loyalty by providing two-way communications between employees and management. If employees feel

like the organization is willing listen to them, recognizing them for their contributions, they will more likely be loyal to the company.

Instead of supporting from supervisor or manager, the teamwork between individual and co-workers is also important. The effectiveness of an organization depends on people working well in teams. Team building helps a team to generate a shared and clear vision of what its members are trying to achieve. Team members also recognize the practical issues they face, so organization should start to tackle them together and learn how to work together (Heap, 2001).

5.4 Limitations of the Study

This study is helped to understanding a study of employee satisfaction and its effects toward loyalty in hotel industry. There are several limitations on this research study which require further examination and additional research in the future. Hence, it is important to acknowledge and learn from the limitation of the study in order to have a continuous improvement and more comprehensive to meet the quality of the research

As this study is focusing in hotel industry, the sample size of this study is one of the limitations. There is limited sample size and lack of geographical coverage to seek for wider range of data as the data is only obtained from Perak. Therefore, this sample size might not accurately to represent all the employees in hotel industry in Malaysia. Besides, some of the employees who work in the hotel are not willing to fill in the questionnaire. As a result, the researchers spend few weeks travel around Perak in order to obtain the 200 copies questionnaires feedback.

Furthermore, the researchers are also encountered problem when key in data into the SPSS. This is because there are some respondents were not seriously when answering the questions in the questionnaire. As a result, the data might not have strong relationship between the dependent and independent variables.

In addition, the limitation of using survey questionnaires will make the results to be biased and inaccurate because some of the respondents confuse with the questions that are distributed. Furthermore, different people will have different views of grading for the Likert scale. So, this will also directly affect the results analyzed, becoming biased and error will occur. Besides, due to the time, financial, and facilities limitations in supporting the researchers to carry out this research, this indirectly will influence the comprehension of this research.

Although there are many limitations facing during the research, this is not affecting the overall run of this study. The limitations can lay a background for potential future study to better comprehend study of employee satisfaction and its effects toward loyalty in hotel industry.

5.5 Recommendations for Future Research

Some suggestions for future research that used to solve the problem based on the limitation in this research study. In this research, the data are collected from Perak. Hence, the first recommendation is the future research should be done by opening the survey to more locations in order to reduce the bias of the result and improve the reliability and accuracy of data. Thus, the future research can target on a larger sample where the questionnaire can be distributed to more hotels in other states in Malaysia. So that, the data obtained from the whole nation will generate the result more accurate and comprehensive from the respondents.

Furthermore, the second recommendation is to solve the limitation of questionnaire survey that causes bias and inaccurate results done by using other data collection techniques. For example, the data collection technique that can be used is an interview survey, to get an unbiased and more accurate result for the research. The future researchers will be able to understand more what the respondents actually think about and enable the research to be more accurate during the interview survey.

The third recommendation is while there are only 200 copies of questionnaire were being collected in this research, the number of respondents can be increased to all state in Malaysia for future research. Besides, the increase number of respondents can be done by sending the questionnaires through internet. Since the internet is commonly using by whole people in Malaysia. Therefore this can be the easier and faster way to send the questionnaires for respondents. The researchers can collect the questionnaire by using computer with lower cost and saving time.

Moreover, the forth recommendation is that the future research can be done by focus on other related factors since the main factors in this research are career development, compensation and rewards, job security and workplace environment that affect the employee loyalty in hotel industry. Thus, this is a limitation in this research study because the other factors that affect the employee loyalty in the hotel industry have not been covered.

The fifth recommendation is to examine in other antecedents such as job position and individual based factors which is included gender, age, marriage and education. This is believed that different demographic characteristic will have different perception on employee satisfaction which will impact their loyalty in hotel industry. Thus, this research can use to analyze of data collected at different points of time. Thus, the researchers can look at the changes of research and finding over time and make comparison.

5.6 Conclusion

In this chapter, the factors in this research are career development, compensation and rewards, job security, and workplace environment which are influenced the employee loyalty in the hotel industry. Based on the Multiple Regression Analysis of this research, it showed that job security has the most influence for the employee loyalty in hotel industry. The following influence factor is the workplace environment, career development, and compensation and rewards. Besides that, the research also highlighted the implication and the limitations of the study. This

can provide recommendations and continuous improvement for future research of this study.

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Appendix 3.1: Questionnaire



Faculty of Business and Finance

BACHELOR OF BUSINESS ADMINISTRATION (HONS)

FINAL YEAR PROJECT

**A Study of Employee Satisfaction and Its Effects toward Loyalty
in Hotel Industry**

Survey Questionnaire

Dear respondents,

We are undergraduate students of Bachelor of Business Administration (Hons), from Universiti Tunku Abdul Rahman (UTAR). The purpose of this survey is to discover the employee satisfaction and its effects toward loyalty in hotel industry. Your answers will be kept PRIVATE and CONFIDENTIAL and used solely for academic study purpose only. Thank you for your cooperation.

Sincerely,

Group Member:

Chan Soo Yin	09ABB08018	016-521 6543
Chan Yee Fen	09ABB07488	012-522 6808
Khoo Yun Meng	09ABB07641	016-337 9127
Loh Poh Yin	09ABB07495	014-944 5315
Wong Wein Jack	09ABB04972	012-554 9328

Section A

Respondent's Profile

Please place a tick (✓) in the box [] to represent your answer.

1. Gender:

[] Male

[] Female

2. Age:

[] Below 25

[] 25 – 29years

[] 30 – 34 years

[] 35 years and above

3. Race:

[] Malay

[] Chinese

[] Indian

[] Others

4. Nationality:

[] Malaysian

[] Non- Malaysian

5. Status:

[] Single

[] Married

[] Others: _____

6. Job Designation:

[] Manager

[] Department Officer

[] Receptionists

[] Bellboy

[] Others: _____

7. Education level:

[] STPM or Equivalent

[] Diploma

[] Degree

[] Master

[] PhD

[] Others: _____

8. How long have you work for the organization?

[] Below 5 years

[] 5 – 9 years

[] Above 10 years

Section B

This section consists of questions related to the four factors which are compensation and reward, job security, career development, and workplace environment. Please respond to the following questions. Kindly place circle on the number that best represents your opinion the most.

Independent Variables

Career Development

Definition: Career development is means an individual can be and finding a place in an organization where they can express excellence and contribute to the goals of the organization and respected position in which could advance such as promotions and upward mobility.

No	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1.	My organization takes steps to ensure that I will maximize my career potential.	1	2	3	4	5
2.	My organization assists me to gain more working experience in the job that I am doing.	1	2	3	4	5
3.	My organization provides me with the opportunity to achieve my career goals.	1	2	3	4	5
4.	My organization is supportive my long-term career development.	1	2	3	4	5

Compensation and Reward

Definition: Compensation is a statistical term used in national accounts, balance of payments statistics and sometimes in corporate accounts as well. Reward is the day-to-day interactions that make employee feel own contribution is appreciated by the organization.

No	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1.	I feel proud when I get recognition from my organization for the work that I had done.	1	2	3	4	5
2.	My organization link reward to my performance appraisal.	1	2	3	4	5
3.	The non-financial benefits (leave benefits, retirement plan, health benefits) received are valuable and important to create my loyalty to organization.	1	2	3	4	5
4.	Compensation and reward are very important in order for me to stay with the organization.	1	2	3	4	5

Job Security

Definition: Job security define as the likelihood that an employee will keep his or her job for a long time or until retirement and an employee's feeling that he has a right to keep his job, or that he will never be made redundant.

No	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1.	I feel my organization treats me like part of the organization.	1	2	3	4	5
2.	I believe in having long term relationship with my organization.	1	2	3	4	5
3.	I view organization problem as my problem.	1	2	3	4	5
4.	The job security in the organization is high.	1	2	3	4	5

Workplace Environment

Definition: The workplace environment is where an employee's working surrounding is according what the organization gives of the quality for the facilities, tools, ergonomic design, light, air, temperature, noise, ventilation and the cooperation with manager and co-workers. The environment can affects the employees' productivity, safety and health, and psychologically.

No	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1.	The physical working conditions are very comfortable to work in.	1	2	3	4	5
2.	The security in my organization is sufficient.	1	2	3	4	5
3.	Spirit of cooperation and teamwork exists in the organization.	1	2	3	4	5
4.	Overall, my organisation is a pleasant place to work.	1	2	3	4	5

Section C

In Section C, it consists of questions on employee loyalty in hotel industry. Please respond to the following questions. Kindly place circle on the number that best represents your opinion the most.

Dependent Variable

Employee Loyalty

Definition: Employees being committed to the success of the organization and believing that working for this organization is their best option.

No	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1.	I am willing to continue my employment in this organization at this part of time.	1	2	3	4	5
2.	I am willing to stay with this organization even if other jobs offer me more pay.	1	2	3	4	5
3.	I will uphold the organization reputation to public.	1	2	3	4	5
4.	I will enhance the organization image to the public.	1	2	3	4	5

Appendix 3.2: Pilot Test

Career Development

Case Processing Summary

		N	%
Cases	Valid	30	100.0
	Excluded(a)	0	.0
	Total	30	100.0

a Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.551	4

Compensation and Rewards

Case Processing Summary

		N	%
Cases	Valid	30	100.0
	Excluded(a)	0	.0
	Total	30	100.0

a Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.557	4

Job Security

Case Processing Summary

		N	%
Cases	Valid	30	100.0
	Excluded(a)	0	.0
	Total	30	100.0

a Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.789	4

Workplace Environment

Case Processing Summary

		N	%
Cases	Valid	30	100.0
	Excluded(a)	0	.0
	Total	30	100.0

a Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
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.731	4
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Employee Loyalty

Case Processing Summary

		N	%
Cases	Valid	30	100.0
	Excluded(a)	0	.0
	Total	30	100.0

a Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.708	4

Appendix 4.1: Descriptive Analysis

Gender

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	98	49.0	49.0	49.0
	Female	102	51.0	51.0	100.0
	Total	200	100.0	100.0	

Age

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 25 years	80	40.0	40.0	40.0
	25-29 years	46	23.0	23.0	63.0
	30-34 years	32	16.0	16.0	79.0
	35 years and above	42	21.0	21.0	100.0
	Total	200	100.0	100.0	

Race

Race

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Malay	79	39.5	39.5	39.5
	Chinese	71	35.5	35.5	75.0
	Indian	49	24.5	24.5	99.5
	Others	1	.5	.5	100.0
	Total	200	100.0	100.0	

Nationality

Nationality

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Malaysian	200	100.0	100.0	100.0

Status

Status

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Single	107	53.5	53.5	53.5
Married	92	46.0	46.0	99.5
Others	1	.5	.5	100.0
Total	200	100.0	100.0	

Job Designation

Job_Designation

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Manager	27	13.5	13.5	13.5
Department Officer	50	25.0	25.0	38.5
Receptionists	42	21.0	21.0	59.5
Bellboy	20	10.0	10.0	69.5
Others	61	30.5	30.5	100.0
Total	200	100.0	100.0	

Education Level

Education_Level

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid STPM or Equivalent	46	23.0	23.0	23.0
Diploma	62	31.0	31.0	54.0
Degree	70	35.0	35.0	89.0
Master	9	4.5	4.5	93.5
PhD	6	3.0	3.0	96.5
Others	7	3.5	3.5	100.0
Total	200	100.0	100.0	

Working Period

Working_Period

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Below 5 years	111	55.5	55.5	55.5
5-9 years	57	28.5	28.5	84.0
Above 10 years	32	16.0	16.0	100.0
Total	200	100.0	100.0	

Appendix 4.2: Central Tendency

Descriptive Statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Career_Development	200	1.50	5.00	3.8175	.58063
Compensation_and_Rewards	200	1.25	5.00	3.5125	.96410
Job_Security	200	1.50	5.00	3.4838	.77859
Workplace_Environment	200	1.75	5.00	3.8075	.55857
Employee_Loyalty	200	2.00	4.75	3.4963	.59704
Valid N (listwise)	200				

Appendix 4.3: Reliability Test

Career Development

Case Processing Summary

		N	%
Cases	Valid	200	100.0
	Excluded(a)	0	.0
	Total	200	100.0

a Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.723	4

Compensation and Rewards

Case Processing Summary

		N	%
Cases	Valid	200	100.0
	Excluded(a)	0	.0
	Total	200	100.0

a Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.787	4

Job Security

Case Processing Summary

		N	%
Cases	Valid	200	100.0
	Excluded(a)	0	.0
	Total	200	100.0

a Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.763	4

Workplace Environment

Case Processing Summary

		N	%
Cases	Valid	200	100.0
	Excluded(a)	0	.0
	Total	200	100.0

a Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.722	4

Employee Loyalty

Case Processing Summary

		N	%
Cases	Valid	200	100.0
	Excluded(a)	0	.0
	Total	200	100.0

a Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.770	4

Appendix 4.4: Pearson Correlation Analysis

Correlation

		Career Development	Compensation and Rewards	Job Security	Workplace Environment	Employee Loyalty
Career Development	Pearson Correlation	1	.165(*)	.574(**)	.314(**)	.469(**)
	Sig. (2-tailed)		.019	.000	.000	.000
	N	200	200	200	200	200
Compensation and Rewards	Pearson Correlation	.165(*)	1	.082	.080	.200(**)
	Sig. (2-tailed)	.019		.249	.258	.004
	N	200	200	200	200	200
Job Security	Pearson Correlation	.574(**)	.082	1	.264(**)	.541(**)
	Sig. (2-tailed)	.000	.249		.000	.000
	N	200	200	200	200	200
Workplace Environment	Pearson Correlation	.314(**)	.080	.264(**)	1	.386(**)
	Sig. (2-tailed)	.000	.258	.000		.000
	N	200	200	200	200	200
Employee Loyalty	Pearson Correlation	.469(**)	.200(**)	.541(**)	.386(**)	1
	Sig. (2-tailed)	.000	.004	.000	.000	
	N	200	200	200	200	200

Appendix 4.5: Multiple Regression Analysis

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.626(a)	.392	.380	.47020

a Predictors: (Constant), Career_Development, Compensation_and_Rewards, Job_Security, Workplace_Environment

ANOVA(b)

Mode		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	27.823	4	6.956	31.462	.000(a)
	Residual	43.112	195	.221		
	Total	70.935	199			

a Predictors: (Constant), Career_Development, Compensation_and_Rewards, Job_Security, Workplace_Environment

b Dependent Variable: Employee_Loyalty

Coefficients(a)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.667	.289		2.305	.022
	Career_Development	.164	.072	.160	2.272	.024
	Compensation_and_Rewards	.077	.035	.125	2.203	.029
	Job_Security	.291	.053	.380	5.533	.000
	Workplace_Environment	.241	.063	.225	3.806	.000

a Dependent Variable: Employee_Loyalty